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Application Proof of

Chengdu CRP Robot Technology Co., Ltd.

成都卡諾普機器人技術股份有限公司

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

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Chengdu CRP Robot Technology Co., Ltd. 成都卡諾普機器人技術股份有限公司

(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] : HK\$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and the AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value : RMB0.10 per H Share
[REDACTED] : [REDACTED]

*Sole Sponsor, [REDACTED], [REDACTED],
[REDACTED] and [REDACTED]*



國泰海通
GUOTAI HAITONG

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

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Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high [REDACTED] risks including risks of [REDACTED] volatility and inflated valuation due to the difficulty in valuing such companies. [REDACTED] should fully understand the [REDACTED] risks of a Specialist Technology Company and the risks disclosed by our Company before making their [REDACTED] decisions.

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in our H Shares. In particular, we are a Commercial Company seeking to list on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules on the basis that we are unable to meet the requirements under Rule 8.05(1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. In addition, we have incurred net losses for the year ended December 31, 2024 and the six months ended June 30, 2024, and we may incur net losses for the foreseeable future. We recorded operating cash outflows for the years ended December 31, 2023 and 2024. Your investment decision should be made in light of these considerations.

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to invest in our H Shares.

OVERVIEW

We are an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. According to Frost & Sullivan, in terms of revenue in 2024, (i) we rank first among all Chinese manufacturers of welding robots; (ii) we rank first among all Chinese manufacturers in key welding robot sub-segments, including laser welding and cutting robots; and (iii) we hold a leading position among Chinese companies in robotic applications for the metal and machining sector. According to Frost & Sullivan, among all Chinese companies that have achieved scaled production of industrial robots, we are among the leaders in terms of profitability.

In line with market trends, we have built a “dual-driven” growth model that strengthens our domestic base while pursuing strategic expansion overseas. According to Frost & Sullivan, we have established one of the strongest global presences among Chinese peers in industrial robotics industry and are the largest Chinese exporter of welding robots in terms of revenue in 2024.

According to Frost & Sullivan, we are one of the few players in the industry with full-stack self-developed core technologies as well as a fully self-developed product matrix that delivers full-series coverage of industrial robots. Soon after our establishment in 2012 with a focus on foundational robotics technologies, we quickly became a leading supplier of industrial robot controllers and complete electrical systems in China. Building on our expertise in motion control and other fundamental technologies for industrial robots, we pioneered a strategic expansion in 2018 from core components into complete robotic products, culminating in the successful launch of our first complete robotic product in the same year and first embodied intelligent robot in 2022. We have established a fully self-developed product portfolio of

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industrial robots. As of the Latest Practicable Date, this portfolio encompassed over 70 models, mainly categorized into industrial robots, collaborative robots and embodied intelligent robots, collectively forming a comprehensive matrix. Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

OUR PRODUCTS

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots (工業機器人), primarily including six-axis industrial robots (六軸工業機器人) and four-axis industrial robots (四軸工業機器人), and selectively expanded into a full series of (ii) collaborative robots (協作機器人) and (iii) embodied intelligent robots (具身智能機器人). Our robotics products offer core strengths in welding while also offering multifunctional capabilities such as cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others. Our robotic products are designed to perform repetitive, high-precision tasks across various industries including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare.

Industrial Robots

We have categorized our industrial robots into six-axis industrial robots and four-axis industrial robots in terms of structure, and further subcategorized them into various series or models in terms of functionality.

Six-axis industrial robots

Our six-axis welding industrial robots are specialized industrial robots engineered to perform automated welding tasks with high precision and consistency. These robots are designed for applications that require repetitive, high-quality welding, such as arc welding and spot welding. The key advantage of our six-axis welding industrial robots lies in their ability to deliver quality welding while significantly increasing production speed and safety. By reducing human exposure to hazardous working conditions, our six-axis welding industrial robots help to create safer, more efficient workplaces and ensure high-quality outputs across various manufacturing processes.

Our six-axis multifunctional industrial robots feature industry-leading comprehensive product coverage, comprising more than 20 models with payloads ranging from 6 kg to 360 kg and arm spans extending from 700 mm to 3,500 mm. We have been driving innovation in the field of six-axis multifunctional industrial robots, leading industry development.

Four-axis industrial robots

Our four-axis industrial robot portfolio mainly consists of four-axis palletizing robots (四軸碼垛機器人) and SCARA robots (水平關節機器人), encompassing more than ten different models. Supported by advanced algorithms and control strategies, our four-axis industrial robots achieve high-speed operation and rapid cycle times. This enables our products to meet the efficiency demands of production lines.

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Collaborative Robots

Our collaborative robots (協作機器人) are designed to work alongside human operators, enhance safety and efficiency by performing tasks that require human-robot interaction, such as light material handling and assembly tasks. Featuring a lightweight structure design with the lightest model having a total weight of approximately 23 kg, our collaborative robots can be easily deployed across different workstations and enable rapid line changeovers. By incorporating drag-to-teach functionality and a programming handle, our system allows users to intuitively guide the robot for path teaching, significantly reducing programming complexity and enhancing production line setup efficiency. This makes our collaborative robots particularly suitable for small and medium-batch production with frequent changeovers.

Embodied Intelligent Robots

Our series of embodied intelligent robots (具身智能機器人), including the Lingshuo Industrial Humanoid Robot (靈燦工業人型機器人), the Lingxun Industrial AI Composite Robot (靈迅工業AI複合機器人), the LH Series and industrial embodied intelligent robot, are designed to meet the demands of next-generation intelligent manufacturing. These robots integrate environmental perception, autonomous decision-making, and precise execution, enabling them to comprehend tasks, adapt to dynamic environments, and collaborate with existing industrial equipment. They are deployed in a range of complex processes, including assembly, material handling, precision machining, quality inspection, grinding, and equipment maintenance, particularly in harsh environments unsuited for prolonged human presence, such as those with high temperatures, intense arc light, or high dust levels. By effectively replacing manual labor, our series of embodied intelligent robots enhance production flexibility and operational safety.

Our Robotic Products Have Been Commercialized

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that each of our robotic products during the Track Record Period fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

Our revenue model is primarily based on direct product sales of individual robots as well as after-sales services. The sales of robotic products are conducted through a combination of direct sales to system integrators and end customers, and, to a lesser extent, distributors who purchase our products for resale. For more information, please refer to “Business – Sales, Marketing and Customers – Sales Models”.

Our pricing approach is designed to reflect the technological sophistication and value proposition of our products while maintaining competitiveness in both domestic and overseas markets. Our pricing considers factors such as (i) product development, (ii) production and customization costs, (iii) after-sales service commitments, (iv) reputation, creditworthiness, and operational scale of the customer, (v) technological sophistication, (vi) product competitiveness, (vii) average market price, and (viii) other market or specific client conditions. This strategy enables us to maintain healthy profit margins while ensuring our products remain economically attractive to customers across different industries and regions.

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OUR CORE TECHNOLOGIES

According to Frost & Sullivan, we are one of the few players in the industry with full-stack self-developed core technologies as well as a fully self-developed product matrix that delivers full series coverage of industrial robots. Through the deep synergy of hardware, software, and control systems, we deliver welding capabilities with high precision, low spatter, and broad adaptability. Building on this foundation, we have created modular process libraries that can be flexibly configured to meet diverse customer requirements across all scenarios. In mechanical design, the integrated use of simulation, structural design, and custom components has collectively enhanced our robot rigidity and service life, while maintaining cost effectiveness. Furthermore, we have achieved key breakthroughs in three core technologies: (i) high precision calibration, (ii) weld seam recognition and trajectory planning, and (iii) cross-scenario visual adaptation. These innovations directly address the industry’s longstanding challenges in robotic precision, operational stability, and application adaptability.

Our core technologies include:

- scalable robotic control software from underlying layer to cloud;
- core technologies that ensure outstanding performance in positioning accuracy, path accuracy and cycle time;
- advanced hardware control architecture;
- a full-chain technology system for welding power sources;
- synergic optimization of mechanical performance in stiffness, lifespan and cost; and
- key breakthroughs in three core technology areas of robotic sensor fusion and intelligence, including high-precision calibration, weld seam recognition and trajectory planning, and cross-scenario visual adaptation.

For further details, please refer to “Business – Our Core Technologies” in this document.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (i) an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics, with leading positions in both welding functionality and metal and machining applications; (ii) world-class R&D capabilities and comprehensive R&D platform; (iii) a comprehensive and fully self-developed product matrix for diverse applications; (iv) outstanding commercialization capabilities; (v) supply chain integration advantages; and (vi) industry-leading and experienced core team.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (i) strengthening research and development capabilities to upgrade core technologies and enhance product competitiveness; (ii) continuous expansion of product portfolio and application scenarios; (iii) expand our influence among current and future customers, both domestically and internationally; and (iv) optimize supply chain and enhance internal operation efficiency.

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OUR MARKET OPPORTUNITIES AND COMPETITION

According to Frost & Sullivan, China’s industrial robotics market exhibited high growth, expanding from RMB31.5 billion in 2020 to RMB46.7 billion in 2024, achieving a CAGR of 10.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB93.1 billion by 2029 with a CAGR of 15.3% from RMB52.7 billion in 2025. Global industrial robotics market exhibited high growth, expanding from RMB74.0 billion in 2020 to RMB101.6 billion in 2024, achieving a CAGR of 8.3% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB181.3 billion by 2029 with a CAGR of 12.6% from RMB112.9 billion in 2025.

In China’s industrial robotics market, overseas companies initially held a first-mover advantage. In recent years, domestic manufacturers have emerged rapidly, demonstrating strong competitiveness in pricing, agile response to customer needs, and localized service capabilities. As a result, the market share of domestic players has steadily increased, and domestic substitution has become a notable trend in the sector.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. Leveraging the market’s growth potential, we believe that our full-stack self-developed core technologies, multi-scenario intelligent application capabilities, leading R&D expertise, and outstanding commercialization strategies will enable us to not only consolidate our current position but also capitalize our market opportunities for sustained growth.

OUR RESEARCH AND DEVELOPMENT

We have established a robust and dynamic R&D framework that are central to our mission to lead the industrial robotics sector. Our R&D efforts are focused on advancing key technologies in robot control systems, motion control, and mechanical transmission, with a particular emphasis on creating high-performance industrial robots, collaborative robots, and embodied intelligent robots. We insist on in-house research and development and did not engage in any outsourced R&D activities that were material to our R&D operations during the Track Record Period. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses amount to RMB33.9 million, RMB36.0 million, RMB36.0 million, RMB18.2 million and RMB18.1 million, respectively, accounting for 17.1%, 16.2%, 15.4%, 15.9% and 11.6% of our total revenue for the same years or period, respectively.

OUR INTELLECTUAL PROPERTY RIGHTS

Our portfolio of intellectual property covers core technologies used in our products, as well as various aspects of product design and manufacturing processes. We hold a robust portfolio of intellectual property rights primarily in PRC. As of the Latest Practicable Date, we had (i) 297 patents, including 62 invention patents, 117 utility model patents and 118 design patents; and (ii) 42 software copyrights in PRC. Additionally, we had 108 registered trademarks worldwide. Almost all of our material intellectual property rights are distributed across our robotic products, covering both hardware and software such as robot bodies, control technologies, servo drive technologies, process solutions, and end effectors. We have independently developed and own all of our material intellectual property rights for our robotic products.

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During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any legal claims or proceedings that may have an influence on our R&D for any of our key robotic products. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties’ intellectual property rights. See the paragraphs headed “Risk Factors – Risks Relating to the Research and Development and Intellectual Property Rights in Our Products” for a description of risks related to our intellectual property.

OUR CUSTOMERS AND SUPPLIERS

Our customer base spans a diverse range of industries and sectors. We serve multinational corporations in a wide range of industries, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from the five largest customers was RMB43.9 million, RMB42.5 million, RMB41.1 million and RMB30.1 million, respectively, accounting for 22.3%, 19.2%, 17.5% and 19.3% of our total revenue for the same years or period, respectively. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims between customers and us regarding product returns and refunds.

We procure RV reducers, harmonic drives, and servo motors from leading domestic manufacturers of precision reducers and motors. Key components such as communication and control chips are sourced from leading global semiconductor companies and their regional affiliates. Structural parts (e.g., enclosures and die-cast components) are supplied by established domestic manufacturers with extensive experience in producing high-quality mechanical parts. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, our purchase amounts from the five largest suppliers were RMB73.9 million, RMB60.4 million, RMB51.1 million and RMB56.8 million, respectively, accounting for 46.3%, 48.5%, 40.7% and 43.8% of our total purchase amounts for the same years or period, respectively. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, purchase amounts from our largest supplier were RMB27.5 million, RMB28.5 million, RMB22.9 million and RMB28.7 million, respectively, accounting for 17.2%, 22.8%, 18.2% and 22.1% of our total purchase amounts for the same years or period, respectively. All of our five largest suppliers during each year or period during the Track Record Period are located in China. Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period.

During the Track Record Period, we adopted a multi-channel sales model, including sales to (i) direct sales to (a) system integrators, which incorporate our robots into their complex, customized robotic solutions to end customers, and (b) end customers; and (ii) distributors that adopts a buyer-seller model. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue generated from distribution was RMB5.1 million, RMB12.8 million, RMB21.9 million, RMB11.0 million and RMB7.6 million, respectively, accounting for 2.6%, 5.8%, 9.3%, 9.6% and 4.9% of our total revenue for the same years or period, respectively. For more information, please refer to “Business – Sales, Marketing and Customers – Sales Models” above.

During the Track Record Period, we had no material unresolved disputes or lawsuits with distributors. During the Track Record Period, to the best knowledge and belief of our Directors, after making all reasonable enquiries, all of our distributors were Independent Third Parties.

SUMMARY

OUR PRODUCTION

Production Facilities

As of June 30, 2025, we operated one self-owned production site located in Chengdu, Sichuan Province, China, covering a total gross floor area of approximately 35,155.85 square meters. This facility is primarily used for the assembly, integration, and system-level testing of our robotic products.

Set out below is details of our design capacity, actual production output, and utilization rate of our robotic products during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
Design capacity ⁽¹⁾ (units per period, rounded to hundreds)	4,000	4,500	5,000	2,500	4,000
Production Volume ⁽²⁾ (units, rounded to hundreds)	3,300	3,500	3,800	2,000	3,000
Utilization rate ⁽³⁾ (%)	82.5	77.8	76.0	80.0	75.0

Notes:

- (1) The designed capacity for each period is calculated based on the hourly capacity and the operating hours of relevant product lines for such period. During the Track Record Period, the operating hours are calculated by multiplying eight hours per day by the number of working days in the period (24 days per month), with each year approximately based on 288 working days per year or 144 working days per half-year.
- (2) The production volume refers to the actual output for the relevant period.
- (3) Utilization rate is calculated by dividing the actual production volume by the designed production capacity for the relevant period.

OUR CONTROLLING SHAREHOLDERS

Pursuant to the Concert Party Agreement entered into in June 2021, our Controlling Shareholders consist of Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Xia, Mr. Zeng and Mr. Deng. As at the Latest Practicable Date, (i) Mr. Li directly held approximately 16.41% of our registered capital; (ii) Mr. Zhu directly held approximately 16.41% of our registered capital; (iii) Changzhou Hongzhi directly held approximately 7.81% of our registered capital; (iv) Ms. Gu directly held approximately 3.86% of our registered capital; (v) Mr. Xia directly held approximately 3.85% of our registered capital; (vi) Mr. Zeng directly held approximately 2.89% of our registered capital; and (vii) Mr. Deng directly held approximately 2.89% of our registered capital. Changzhou Hongzhi was established in 2017 as an employee shareholding platform which was owned as to (i) approximately 1.13% by Mr. Li, who is its general partner and approximately 73.21% by Mr. Zhu as a limited partner. Mr. Li and Mr. Zhu therefore together have full control over Changzhou Hongzhi. Accordingly, our Controlling Shareholders collectively held 54.13% of our registered capital as at the Latest Practicable Date.

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Upon the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised), they will be entitled to exercise and control the exercise of an aggregate of approximately [REDACTED]% of the voting rights at our general meetings. Accordingly, they will remain as our Controlling Shareholders upon the completion of the [REDACTED].

For further details about our Controlling Shareholders, please refer to the section headed “Relationship with our Controlling Shareholders” in this document.

[REDACTED] INVESTMENTS

Up to the Latest Practicable Date, we have conducted four rounds of [REDACTED] Investments. See “History, Development and Corporate Structure – [REDACTED] Investments” in this document for further details.

RISKS AND CHALLENGES

We are a Specialist Technology Company seeking to list on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. We are at a relatively early stage of commercialization of our products, as we only met the revenue requirement for a Commercial Company as set out in Chapter 2.5 of the Listing Guide following our revenue growth during the Track Record Period. In addition, we recorded net losses for the year ended December 31, 2024 and for the six months ended June 30, 2024, respectively. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control.

Our operations and the offering involve certain risks and uncertainties, including (i) risks relating to our general operations and industry; (ii) risks relating to the research and development and intellectual property rights in our products; (iii) risks relating to our financial condition and need for additional capital; (iv) risks relating to doing business in the jurisdictions where we operate; and (v) risks relating to the [REDACTED], which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in the shares.

Some of the major risks we face include, but are not limited to: (1) the growth of addressable markets and demand for our products or services may not meet expectations due to various factors, potentially impacting our business, results of operations, and financial condition; (2) the industrial robotics market is highly competitive. Failure to effectively compete with industry players may significantly impact our business, results of operations, and financial condition; (3) if we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected; (4) if we fail to attract new customers and/or retain existing customers, our business, results of operations and financial condition may be adversely affected; (5) our success depends on our ability to anticipate and respond to technological changes, and any failure to maintain R&D leadership may adversely affect our competitiveness and results of operations; (6) we have been investing, and intend to continue to invest, heavily in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve; (7) we may not be able

SUMMARY

to obtain or maintain adequate intellectual property protection, which could undermine the value of our technology; (8) we may face supply chain risks and are dependent on certain major suppliers, and any interruption of our supplier’s services and quality could materially harm our business; (9) we may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations; and (10) our business, financial condition and results of operations may be materially and adversely affected by international trade policies and international export controls and economic sanctions. As different investors may have different interpretations and criteria when determining the significance of a risk, you should carefully read the “Risk Factors” section in its entirety before you decide to invest in our Shares.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant’s Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with HKFRS Accounting Standards.

Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
REVENUE	197,436	222,365	234,039	114,381	155,957
Cost of sales	(143,070)	(162,146)	(162,821)	(79,427)	(105,354)
Gross profit	54,366	60,219	71,218	34,954	50,603
Other income and gains	47,606	26,689	16,508	6,437	8,462
Research and development expenses	(33,854)	(35,972)	(35,994)	(18,214)	(18,061)
Selling and distribution expenses	(20,545)	(27,080)	(38,129)	(16,782)	(17,986)
Administrative expenses	(16,481)	(17,495)	(19,661)	(10,536)	(11,008)
Other expenses	(181)	(516)	(875)	(601)	(362)
Finance costs	(642)	(955)	(1,329)	(693)	(399)
Impairment losses on financial assets, net	(521)	(3,202)	(4,682)	(4,245)	(2,811)
PROFIT/(LOSS) BEFORE TAX	29,748	1,688	(12,944)	(9,680)	8,438
Income tax expense	(1,483)	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR/PERIOD	28,265	1,688	(12,944)	(9,680)	8,438

SUMMARY

Revenue

The following table sets forth a breakdown of our revenue by offering type for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	124,366	63.0	124,738	56.1	122,274	52.2	63,931	55.9	85,781	55.0
– multifunctional	55,885	28.3	72,151	32.4	75,825	32.4	34,226	29.9	40,449	25.9
– Four-axis	4,386	2.2	9,336	4.2	10,597	4.6	3,779	3.3	8,972	5.8
(ii) Collaborative robots	220	0.1	441	0.2	6,229	2.7	2,764	2.4	9,902	6.3
(iii) Embodied intelligent robots	6,113	3.1	8,255	3.7	9,881	4.2	4,793	4.2	6,730	4.3
(iv) Others ⁽¹⁾	5,810	3.0	6,618	3.0	8,518	3.6	4,593	4.0	3,702	2.4
Sub-total	196,780	99.7	221,539	99.6	233,324	99.7	114,086	99.7	155,536	99.7
After-sales services	656	0.3	826	0.4	715	0.3	295	0.3	421	0.3
Total revenue	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

Note:

- (1) Primarily represented (i) customized robots for specific industries including five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and uploading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人); and (ii) robot control cabinets tailor-made for customers.

Our revenue growth during the Track Record Period, particularly the significant increase in the first half of 2025, was primarily driven by our strategic expansion from a core strength in welding robotics to a fully self-developed product matrix, while simultaneously reinforcing our market leadership in the welding field. In addition, the growth trend has also been driven by (i) our strategic expansion in both PRC and overseas markets, and (ii) our strategic pivot since 2024 toward expanding our customer base to include more end customers, who are primarily large enterprises. For more information, please refer to “Financial Information – Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue” in this document.

SUMMARY

Gross Profit and Gross Margin

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	profit	margin	profit	margin	profit	margin	profit	margin	profit	margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	37,327	30.0	39,513	31.7	41,023	33.6	21,070	33.0	30,151	35.1
– multifunctional	12,574	22.5	18,370	25.5	22,161	29.2	9,389	27.4	11,304	27.9
– Four-axis	484	11.0	1,110	11.9	1,754	16.6	610	16.1	1,470	16.4
(ii) Collaborative robots	22	10.0	112	25.4	1,698	27.3	796	28.8	2,891	29.2
(iii) Embodied intelligent robots	3,315	54.2	3,112	37.7	5,041	51.0	2,493	52.0	2,874	42.7
(iv) Others ⁽¹⁾	2,446	42.1	2,737	41.4	3,225	37.9	1,871	40.7	1,591	43.0
Sub-total	56,168	28.5	64,954	29.3	74,902	32.1	36,229	31.8	50,281	32.3
Write-down/(reversal of write-down) of inventories	(1,962)	N/A	(5,043)	N/A	(3,855)	N/A	(1,325)	N/A	201	N/A
After-sales services	160	24.4	308	37.3	171	23.9	50	16.9	121	28.7
Total	54,366	27.5	60,219	27.1	71,218	30.4	34,954	30.6	50,603	32.4

Note:

- (1) Primarily represented (i) customized robots for specific industries including five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and uploading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人); and (ii) robot control cabinets tailor-made for customers.

The continued growth in our gross profit and the overall improvement of our gross profit margin during the Track Record Period were primarily driven by: (i) a favorable product mix shift towards (a) our newly introduced series or flagship models of industrial robots, which carry enhanced functionalities and overall continued improved gross profit margins; and (b) our technologically advanced embodied intelligent robots with relatively higher gross margins; and (ii) the improvement in gross profit margins mainly attributed to economies of scale derived from higher sales volumes our enhanced management capabilities for key suppliers, coupled with continuous improvements in our production technologies.

For more information, please refer to “Financial Information – Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross Profit and Gross Profit Margin” in this document.

SUMMARY

Summary of Consolidated Statements of Financial Position

The following table sets forth selected information from our summary consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total non-current assets	129,461	125,319	118,353	153,591
Total current assets	427,189	386,866	382,711	473,190
Total assets	556,650	512,185	501,064	626,781
Total non-current liabilities	2,745	4,215	8,462	7,908
Total current liabilities	231,862	183,936	179,546	296,999
Total liabilities	234,607	188,151	188,008	304,907
Net current assets	195,327	202,930	203,165	176,191
Net assets	322,043	324,034	313,056	321,874
Total equity	322,043	324,034	313,056	321,874

Our net current assets increased from RMB195.3 million as of December 31, 2022 to RMB202.9 million as of December 31, 2023, mainly due to (i) an increase in trade and bills receivables; (ii) a decrease in interest-bearing bank loans; (iii) a decrease in trade and bills payables; and (iv) a decrease in other payables and accruals, which was partially offset by (i) a decrease in cash and cash equivalents; (ii) a decrease in inventories; and (iii) a decrease in financial assets at FVTPL.

Our net current assets remained relatively stable at RMB202.9 million as of December 31, 2023 and RMB203.2 million as of December 31, 2024.

Our net current assets decreased from RMB203.2 million as of December 31, 2024 to RMB176.2 million as of June 30, 2025, mainly due to an increase in trade and bills payables, which was partially offset by (i) an increase in inventories; (ii) an increase in financial assets at FVTPL; and (iii) an increase in trade and bills receivables.

For details of the fluctuation in key items of our consolidated statements of financial position during the Track Record Period, see “Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth certain selected information from our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net cash flows from/(used in) operating activities	26,702	(30,881)	(17,756)	5,999	8,884
Net cash flows from/(used in) investing activities	59,516	28,366	757	(3,415)	(30,166)
Net cash flows from/(used in) financing activities	48,444	(23,371)	8,577	29,265	3,554
Net increase/(decrease) in cash and cash equivalents	134,662	(25,886)	(8,422)	31,849	(17,728)
Effect of foreign exchange rate changes, net	25	(241)	320	50	(32)
Cash and cash equivalents at beginning of year/period	53,814	188,501	162,374	162,374	154,272
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows at end of year/period	188,501	162,374	154,272	194,273	136,512

For the year ended December 31, 2024, our net cash used in operating activities was RMB17.8 million, primarily due to loss before tax of RMB12.9 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB10.0 million, (b) impairment losses on trade receivables and other receivables, net of RMB4.7 million, and (c) write-down of inventories to net realizable value of RMB3.9 million; and (ii) changes in working capital, such as (a) an increase in trade and bills receivables of RMB22.9 million, (b) an increase in debt investments at fair value through other comprehensive income of RMB13.8 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB30.9 million, primarily due to profit before tax of RMB1.7 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB9.4 million, (b) write-down of inventories to net realizable value of RMB5.0 million, and (c) impairment losses on trade receivables and other receivables, net of RMB3.2 million; and (ii) changes in working capital, such as (a) an increase in trade and bills receivables of RMB33.7 million, and (b) an decrease in trade and bills payables of RMB21.1 million.

SUMMARY

Please also refer to “Risk Factors – Risks Relating to our Financial Condition and Need for Additional Capital – We have incurred net losses for the year ended December 31, 2024 and the six months ended June 30, 2024, and recorded operating cash outflows for the years ended December 31, 2023 and 2024, and may not be able to achieve or subsequently maintain profitability in the near future” in this document.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account of the financial resources available to us, including (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents; (iii) available bank facilities; (iv) financial assets at fair value through profit or loss; and (v) the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our requirements for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities (applicable when we generated net cash used in operating activities during such period), (ii) purchases of property, plant and equipment, (iii) purchases of intangible assets, (iv) payment of lease liabilities. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cashflow, such as our capital expenditures representing significant cash outflows, and our investment in intellectual property or technology, and payments of lease obligations, all of which may occur on a regular basis. Our historical cash burn rate was RMB3.7 million, RMB2.9 million, RMB2.2 million, RMB1.1 million and RMB0.3 million for the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2024 and 2025, respectively. The significant decrease in our cash burn rate for the six months ended June 30, 2024 and 2025 mainly due to (i) in 2022, we incurred significant cash burn for the purchases of property, plant and equipment, whereas we did not incur expenditures of a comparable magnitude for the six months ended June 30, 2024 and 2025; (ii) we recorded net cash flows used in operating activities in 2023 and 2024, whereas we generated net cash flows from operating activities for the six months ended June 30, 2024 and 2025, respectively.

We had cash and cash equivalents, current financial assets at fair value through profit or loss of RMB166.5 million as of June 30, 2025 and unutilized banking facilities of RMB140.0 million as of June 30, 2025. We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and based on the mid-point of the indicative [REDACTED] range in this document. Assuming that the average cash burn rate going forward will be RMB[REDACTED], similar to the cash burn rate level in 2024, although which is subject to change due to various factors including but not limited to the business development, industry trend and clients’ requirement, we estimate that our cash and cash equivalents, current financial assets at fair value through profit or loss as of June 30, 2025 and unutilized banking facilities as of June 30, 2025 will be able to maintain our financial viability for approximately [REDACTED] months or, if we take into account [REDACTED]% of the estimated [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [REDACTED] months or, if we also take into account the estimated [REDACTED] from the [REDACTED], approximately [REDACTED] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. See “Financial Information – Indebtedness.” We do not expect to have next round of financing before the [REDACTED].

SUMMARY

KEY FINANCIAL RATIOS

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

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin	27.5%	27.1%	30.4%	32.4%
Current ratio	1.8	2.1	2.1	1.6
Quick ratio	1.4	1.6	1.7	1.2
Gearing ratio	15.6%	9.5%	12.8%	13.7%

For further details, see “Financial Information – Key Financial Ratios” in this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the [REDACTED] of, and permission to deal in, the H Shares in issue and to be issued pursuant to the [REDACTED] (including any H Shares which may be issued pursuant to the exercise of the [REDACTED]) on the Main Board of the Stock Exchange. We satisfy the requirements under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing Rules) with reference to our expected [REDACTED] at the time of [REDACTED], which, based on the [REDACTED], exceeds HK\$4 billion but less than HK\$15 billion.

No part of our Company’s Shares or loan capital is [REDACTED] on or dealt in on any other stock exchange and no such [REDACTED] or permission to list is being or proposed to be sought in the near future. All the Shares will be registered on the branch register of our Company in Hong Kong in order to enable them to be [REDACTED] on the Stock Exchange.

[REDACTED] STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED] per Share	Based on the [REDACTED] of HK\$[REDACTED] per Share
[REDACTED] of our Share ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Note:

- (1) The calculation of the [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the section headed “Appendix IIA – Unaudited [REDACTED] Financial Information” to this document.

SUMMARY

FUTURE PLANS AND [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED], and assuming the [REDACTED] are not exercised.

In alignment with our strategies and development plans, we intend to allocate the [REDACTED] for the following purposes.

- approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) to enhance our research and development capabilities;
- approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) to deepen and consolidate our partnerships with existing clients, domestic market brand building and overseas market expansion;
- approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) for enhancement of manufacturing capabilities; and
- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be reserved for general working capital and operational flexibility.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED].

Based on the mid-point of the indicative [REDACTED] for the [REDACTED] and assuming the [REDACTED] is not exercised, we estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]). This amount includes HK\$[REDACTED] in [REDACTED]-related expenses, HK\$[REDACTED] in fees and expenses of legal advisors and Reporting Accountants, and HK\$[REDACTED] in other fees and expenses, representing approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED].

During the Track Record Period, nil of [REDACTED] expenses has been incurred. We expect HK\$[REDACTED] of [REDACTED] expenses is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and HK\$[REDACTED] of [REDACTED] expenses is expected to be recognized as a deduction in equity directly upon the [REDACTED].

DIVIDENDS AND DIVIDEND POLICY

For the year ended December 31, 2023, our Company paid a dividend of RMB3.0 million, which had been declared in 2021 (prior to the Track Record Period). Save as disclosed above, no dividend was declared or paid by our Company during the Track Record Period.

SUMMARY

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. According to applicable PRC laws and regulations, subject to the fulfillment of the conditions for cash dividends, the annual cash dividends of the Company shall account for no less than 10% of the profits realized by the Company in that year (calculated in accordance with PRC GAAP) which are available for distribution and attributable to the shareholders. Future profit distributions may be carried out in the form of cash dividends or stock dividends, or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We have been continuously promoting our newly developed robotic products to the industry and have achieved multiple significant milestones. For example, our embodiment intelligent robot secured an order close to one million USD in July 2025 from a renowned automotive industry leader. In August 2025, we received an order from a global leader in the new energy vehicle sector. Furthermore, in September 2025, we were notified that our collaborative robot had been selected as the winning bidder in a public tender held by a world-leading construction machinery company.

On November 7, 2025, Changzhou Hongzhi, one of our Controlling Shareholders, established a share subscription rights scheme to incentive key personnel. Under such scheme, eligible participants can exercise the share subscription rights to acquire shares of Changzhou Hongzhi when certain criteria are fulfilled. For more information, please refer to Note 39 to the Accountants’ Report in Appendix I to this document.

Save as disclosed above, our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since June 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

COMPLIANCE WITH INTERNATIONAL SANCTIONS AND EXPORT CONTROL LAWS AND REGULATIONS

International Sanctions

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nations and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries subject to International Sanctions. We have engaged Hogan Lovells International LLP, our International Sanctions Legal Adviser to perform procedures to assess our compliance with International Sanctions laws and regulations as well as export control laws and regulations, and evaluate our risk of exposure and potential penalties imposed under the International Sanctions laws and regulations.

SUMMARY

During the Track Record Period, we sold certain of our products to China, Russia, Serbia, Turkey and Ukraine (these countries are collectively referred as the “**Relevant Regions**”, and each a “**Relevant Region**”). As advised by our International Sanctions Legal Adviser, (i) the products shipped to the Relevant Regions are not subject to the EAR, nor are they subject to EU or UK export control regulations, and (ii) the transactions in the Relevant Regions did not have an US, EU or UK nexus, and therefore do not represent a violation of U.S., EU, or UK primary sanctions.

During the Track Record Period, we adopted a multi-channel sales model, including sales to (i) direct sales to (a) system integrators, which incorporate our robots into their complex, customized robotic solutions to end customers, and (b) end customers; and (ii) distributors that adopts a buyer-seller model. For more information, please refer to “Business – Sales, Marketing and Customers – Sales Models” above.

Due to our sales model, we are only able to identify the immediate downstream customers with whom we contract (“**Direct Downstream Customers**”) for the sales of our products and we have limited means to track or identify subsequent or end customers (or other transaction participants involved) who obtain our products from these Direct Downstream Customers (when not acting as end customer) who are system integrators or distributors.

As a result, we may have exposure to U.S., EU, and UK secondary sanctions because we cannot accurately trace the final destination of products sold to Russian entities during the Track Record Period for which our sales cannot be accurately traced. These transactions could be captured under Section 1(a) (i) of Executive Order 14024, which authorizes sanctions against persons operating in designated sectors of the Russian economy, such as manufacturing, engineering, technology, and electronics. U.S. guidance (FAQ 1126) interprets this broadly to include those who supply goods, services, or technology to these sectors. Therefore, our Russian-related sales likely fall within the scope of “U.S. Secondary Sanctionable Activity,” potentially subjecting relevant operating entities to secondary sanctions risk.

OFAC guidance (FAQ 1127) clarifies that a sector determination under EO 14024 does not automatically impose sanctions on all participants in those sectors, only on those specifically designated.

Based on that we no longer have any direct sales to any entity in Russia and none of our Direct Downstream Customers is in Comprehensively Sanctioned Countries, and as advised by our International Sanctions Legal Adviser, we believe that the secondary sanctions risk for us to become designated as an SDN under EO 14024 or to be designated under the EU’s or UK’s secondary sanctions powers is relatively limited.

SUMMARY

During the Track Record Period, we sold industrial robotic products to a single, non-SDN entity (the “**Non-sanctioned Entity**”) located in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions of Ukraine). The revenue generated from the sales with the Non-sanctioned Entity was approximately RMB19.1 million, RMB23.1 million, nil and nil for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, representing approximately 9.7%, 10.4%, nil and nil of our total revenue for the corresponding periods, respectively. These transactions were carried out by our Group entity incorporated in China directly to the Non-sanctioned Entity. Further, according to our International Sanctions Legal Adviser, there were no U.S. dollar transactions conducted with the Russian banks through which the payment was settled were placed on the SDN List. No other nexuses to the United States, the European Union, the United Kingdom or Australia have been involved in our sales to the Non-sanctioned Entity.

Our International Sanctions Legal Adviser has not identified material sanctions risks in accordance with Chapter 4.4 of the HKEX Guide for New Listing Applicants, after evaluating the sanctions risks of our historical business activities with customers in the Relevant Regions during the Track Record Period and up to the Latest Practicable Date.

Based on the analysis above, our International Sanctions Legal Adviser is of the view that the overall secondary sanctions risk appears to be relatively limited.

Our Directors, based on advice from our International Sanctions Legal Adviser, are of the view that given that our business activities did not represent a violation of the International Sanctions, the risk is relatively limited that OFAC and other government agencies will impose penalties on us. Based on the above, our Directors are of the view that there would be no material adverse impacts on our operations and performance.

Export Control

During the Track Record Period, we procured from Texas Instruments, certain Digital Signal Processing (DSP) chips of U.S.-origin, which are classified under the EAR as ECCN 3A991 (“**3A991 Chips**”). 3A991 Chips represent a very small portion of our overall product value. On average, the value of a single 3A991 Chip accounts for only 0.65% of the total value of a finished product of us, which is below 25% (the de minimis value threshold), thus, as advised by our International Sanctions Legal Adviser, our product is not subject to the EAR under the de minimis rule under Supplement No. 2 of Part 734. Our product is also not a foreign direct product of 3A991 Chips, thus relevant foreign direct product rules under the EAR are not applicable to cause our product to be subject to the EAR.

One of our suppliers in 2022 was designated by the BIS on the Entity List effective from March 6, 2023. Provision of items subject to the EAR without a license from BIS to this supplier is prohibited as of the date of its designation. Given the transactions involving this supplier was conducted in 2022, and we have not engaged in any exports to or business interactions with this supplier since March 6, 2023, export restrictions applicable to this supplier being designated on the Entity List maintained by the BIS are not implicated for the Company.

DEFINITIONS

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.

“Accountant’s Report”	the accountant’s report of our Company, the text of which is set out in Appendix I to this document
“affiliate(s)”	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 the Company conditionally adopted on November 7, 2025, which shall become effective on [REDACTED], as amended from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of our Board
“AUM”	assets under management
“BIS”	the U.S. Department of Commerce’s Bureau of Industry and Security
“Board” or “Board of Directors”	the board of Directors
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“CAICT”	China Academy of Information and Communications Technology, a leading research institute in China, directly under the MIIT

[REDACTED]

DEFINITIONS

“Changzhou Hongzhi”	Changzhou Hongzhi Investment Partnership (Limited Partnership)* (常州鴻志投資合夥企業(有限合夥)) (formerly known as Chengdu CRP Technology Center (Limited Partnership))* (成都卡諾普科技中心(有限合夥)), a limited partnership established in the PRC on December 4, 2017, which is an employee shareholding platform and one of our Controlling Shareholders
“Chairman”	chairman of our Board
“Chinese Mainland” or “PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purpose of this document and for geographical reference only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“close associates”	has the meaning ascribed thereto under the Listing Rules
“CNIPA”	the China National Intellectual Property Administration (中華人民共和國國家知識產權局)
“Commercial Company”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“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” or “our Company” or “the Company”	Chengdu CRP Robot Technology Co., Ltd.* (成都卡諾普機器人技術股份有限公司), a limited liability company established in the PRC on September 6, 2012 and converted into a joint stock company with limited liability on June 30, 2021
“Company Law” or “PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》) as amended and supplemented or otherwise modified from time to time
“Comprehensively Sanctioned Countries”	Cuba, Iran, North Korea, Syria, the Crimea Region of Russia/Ukraine and the self-proclaimed Luhansk People’s Republic (“ LPR ”) and self-proclaimed Donetsk People’s Republic (“ DPR ”) regions, Kherson region and Zaporizhzhia region

DEFINITIONS

“Concert Party Agreement”	the concert party agreement entered into between Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu Fei, Mr. Zeng Bing, Mr. Xia Huisheng and Mr. Deng Shihai on June 20, 2021
“Controlling Shareholders”	include Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Xia, Mr. Zeng and Mr. Deng
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
[REDACTED]	
“Director(s)”	the director(s) of our Company
“Domestic Unlisted Shares”	ordinary shares in the share capital of our Company, with a nominal value of RMB0.10 each, which are subscribed for and paid up in Renminbi
“EAR”	the Export Administration Regulations administered by the BIS
“EIT”	enterprise income tax
“EIT Law”	Enterprise Income Tax Law of the People’s Republic of China* (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Entity List”	maintained by the U.S. Department of Commerce, the Bureau of Industry and Security, which sets forth individual and entities that are subject to its export control restrictions and licensing requirements for certain items
“ESG”	environmental, social and governance
“ESG Management Committee”	the ESG management committee of the Strategy Committee of our Board

DEFINITIONS

[REDACTED]

“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“F&S” or “Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, which is an independent third party
“Frost & Sullivan Report” or “F&S Report”	an independent market research report commissioned by us and prepared by F&S, a summary of which is set forth in the section headed “Industry Overview” for the purpose of this document

[REDACTED]

“Full-circulation Guidelines”	Guidelines on Application for Full-circulation of Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) issued by the CSRC on 14 November 2019, as amended, supplemented or otherwise modified from time to time
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

[REDACTED]

“Group”, “the Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants” or “Listing Guide”	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time

[REDACTED]

DEFINITIONS

“H Share(s)”	overseas [REDACTED] foreign invested ordinary share(s) in the share capital of our Company, with a nominal value of RMB0.10 each, which are to be [REDACTED] for and traded in Hong Kong dollars and for which an application has been made for the granting of [REDACTED], and permission to deal in, on the Main Board of the Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

DEFINITIONS

[REDACTED]

“HKFRS Accounting Standards”	include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“ HKASs ”) and Interpretations as issued by HKICPA
“International Sanctions”	all applicable laws and regulations to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the European Union and its member states, the United Kingdom, the United Nations or Government of Australia
“International Sanctions Legal Adviser”	Hogan Lovells, our legal adviser as to International Sanctions laws in connection with the [REDACTED]
“independent third party(ies)” or “Independent Third Party(ies)”	a person, persons, a company or companies which is or are independent of, and not our connected person(s) within the meaning under the Listing Rules

[REDACTED]

DEFINITIONS

[REDACTED]

“Key Persons” the key persons of a Specialist Technology Company referred to in Rule 18C.14(1) of the Listing Rules, and for the purpose of our Company, comprises the persons set out in “History, Development and Corporate Structure – Lock-up Periods”

“Latest Practicable Date” November 9, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to 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 or supplemented from time to time

“Main Board” the Main Board of the Stock Exchange

“MIIT” the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)

“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. Deng” Mr. Deng Shihai (鄧世海), the vice general manager of our Company, and one of our Controlling Shareholders

“Mr. Li” Mr. Li Liangjun (李良軍), our founder, the chairman of the Board, executive Director and the general manager of our Company, and one of our Controlling Shareholders

DEFINITIONS

“Mr. Xia”	Mr. Xia Huisheng (夏輝勝) (formerly known as Xia Huisheng (夏輝盛)), the vice general manager of our Company, and one of our Controlling Shareholders
“Mr. Zeng”	Mr. Zeng Bing (曾兵), the vice general manager of our Company, and one of our Controlling Shareholders
“Mr. Zhu”	Mr. Zhu Lusheng (朱路生), our founder, executive Director and the vice general manager of our Company, and one of our Controlling Shareholders
“Ms. Gu”	Ms. Gu Fei (谷菲), our executive Director and vice director of research and development of our Company, and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of our Company
“OFAC”	the United States Department of Treasury’s Office of Foreign Assets Control

[REDACTED]

DEFINITIONS

“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》) released by CSRC on 17 February 2023 and became effective on 31 March 2023
“Pathfinder SII(s)”	has the meaning ascribed to it under Chapter 2.5 of the Listing Guide, and unless the context otherwise requires, refers to the investors which are set out in “History, Development and Corporate Structure”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PCT”	the Patent Cooperation Treaty
“PRC GAAP”	generally accepted accounting principles of PRC
“PRC government” or “State”	the Central People’s Government of the People’s Republic of China, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Advisers”	JunHe LLP, the legal advisers to our Company as to PRC laws
“PRC Listing Regulations”	Regulations on the Takeover of Listed Companies (《上市公司收購管理辦法》) promulgated by CSRC
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended and supplemented from time to time
“[REDACTED] Investment(s)”	the [REDACTED] made by the [REDACTED] Investor(s) in our Company, details of which are set out in the section headed “History, Development and Corporate Structure – [REDACTED] Investments” in this document
“[REDACTED] Investor(s)”	the [REDACTED] investor(s) of our Company, details of which are set out in the section headed “History, Development and Corporate Structure – [REDACTED] Investments” in this document

DEFINITIONS

[REDACTED]

“document” or “Document”	this document being issued in connection with the [REDACTED]
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Persons”	our Company, together with our investors and shareholders and persons who might, directly or indirectly, be involved in permitting the [REDACTED], trading, clearing and settlement of our shares, including the Stock Exchange and related group companies and the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] to the proposed [REDACTED]
“Remuneration Committee”	the remuneration committee of our Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), a PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“Sanctioned Target”	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

DEFINITIONS

“SCNPC”	the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會)
“Secondary Sanctionable Activity”	certain activity by the Company that may result in the imposition of sanctions against the Relevant Person(s) by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though the Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus to that that Relevant Jurisdiction
“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
“SFC” or “Securities and Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including our Domestic Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares

[REDACTED]

“Sole Sponsor”	Guotai Junan Capital Limited, a licensed corporation registered under the SFO to carry on Type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the Sole Sponsor to the [REDACTED]

[REDACTED]

DEFINITIONS

“Sophisticated Independent Investor(s)” or “SII(s)”	has the meaning ascribed to it under Chapter 2.5 of the Listing Guide, and unless the context otherwise requires, refers to the investors set out in “History, Development and Corporate Structure”
“Specialist Technology”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.10 each, comprising our Domestic Unlisted Shares and our H Shares
“Specialist Technology Company”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Specialist Technology Industry”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“Specialist Technology Product(s)”	has the meaning ascribed to it under Chapter 18C of the Listing Rules
“State Council”	State Council of the PRC (中華人民共和國國務院)

[REDACTED]

“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of our Board
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025
“UN”	the United Nations

DEFINITIONS

[REDACTED]

“United States”, “US” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder

[REDACTED]

“%” per cent

Unless the content otherwise requires, references to “2022,” “2023” and “2024” in this document refer to our financial year ended December 31 of such year, respectively.

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

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

For ease of reference, the names of the PRC governmental authorities, institutions, facilities, certificates, titles, nationals, individuals, companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and, in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “*” and are provided for identification purposes only.

For the purpose of this document, references to “provinces” of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Group and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

“AGV”	Automated Guided Vehicle, a type of driverless, self-propelled robot designed to transport loads autonomously along predefined paths
“AI”	artificial intelligence
“algorithm”	a step-by-step procedure or set of rules, often implemented in computer code, designed to perform a specific task or solve a particular problem
“arm span”	the maximum distance the robot’s arm or end effector can extend; it is crucial for determining the robot’s working range and its ability to perform tasks within a specific area
“automation”	the application of various control systems, such as controller, robots, and information technologies, to operate equipment and processes in a wide range of industries
“axis” or “axes”	a degree of freedom in a robot’s movement. Each axis allows for an independent motion, such as rotation or linear movement. Increasing the number of axes enhances the robot’s flexibility and the complexity of tasks it can perform
“CAGR”	compound annual growth rate
“collaborative robot”	also known as cobot, are designed to work alongside humans in a shared workspace; it is equipped with advanced sensors and safety features that allow them to operate safely around people
“composite robot”	a robot system that combines elements from different types of robots to achieve functionality and performance
“controller”	a system connected to the robot in order to control the movements of the robots
“degree of freedom”	the count of independent axis of motion that a robotic system can autonomously manipulate to perform tasks
“DSP”	Digital Signal Processor, a specialized microprocessor designed for the high-speed, real-time processing of digital signals, commonly used in robotics for motion control, sensor data filtering, and audio or video processing

GLOSSARY OF TECHNICAL TERMS

“embodied intelligent robot”	robot with embodied artificial intelligence, which enables them to perceive, learn from, and dynamically interact with their environment
“ERP”	Enterprise Resource Planning, an integrated software platform used to manage and automate core business processes across an organization. ERP systems consolidate data from various departments, such as finance and supply chain to enhance efficiency and provide a unified view of business operations
“EV”	electric vehicle, a motor vehicle whose propulsion is powered fully or mostly by electricity
“four-axis industrial robot”	a type of robot with four-degree-of-freedom. It is relatively simple and compact, making it more suitable for workplaces with small space requirement
“Harmonic drive”	a mechanical speed-changing device that reduces the gear ratio of a rotary machine to increase torque
“IT”	information technology
“motion control”	the technology governing the precise movement of robotic components through algorithms that coordinate velocity, acceleration, and positioning to achieve smooth and accurate mechanical actions
“MTBF”	Mean Time Between Failures
“OS”	Operating System, a system software that manages computer hardware and software resources, and provides common services for computer programs
“payload”	the maximum weight that the robot can handle while performing its tasks
“plug-and-play”	system, device or process designed to work immediately once connected or installed, without requiring complex setup
“robot(s)”, “robotic(s)” or “robotic product(s)”	an actuated mechanism programmable in one or more axes, possessing a degree of autonomy, namely, the ability to perform intended tasks based on current state and sensing, without human intervention, and designed to move within its environment to perform intended tasks
“RV reducer”	specialized reducers designed for industrial robot joints, featuring a cycloidal pinwheel as their core structure and possessing high precision, rigidity, and load-bearing capacity

GLOSSARY OF TECHNICAL TERMS

“SCARA”	Selective Compliance Assembly Robot Arm, a type of articulated robot where the robot can move freely and maintain stiffness in three axes while being compliant in the final axis
“six-axis industrial robot”	a type of articulated robot with six-degree-of-freedom. It is more flexible and maneuverable, making it more suitable for fields that require high precision and high flexibility
“TCP”	Tool Center Point, the point where the robot’s tool meets the workpiece
“TOPS”	Tera Operations Per Second
“VLA”	Vision-Language-Action, a type of AI model that integrates computer vision, language, and action-based system to understand and interpret visual data, process and generate human language, and perform specific actions
“WMS”	Warehouse Management System, a software that helps companies manage and control daily warehouse operations
“3C”	computer, communication and consumer electronics
“3D”	three spatial dimensions of width, height and depth

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document.

You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business strategies and plans to achieve these strategies;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- changes in our customers’ preferences, demands and business performance;
- changes in competitive conditions and our ability to compete under these conditions;
- the actions and development of our competitors;
- future developments, trends and conditions in the industry and markets in which we operate;
- general economic, political and business conditions in the markets in which we operate;
- effects of the global financial markets and economic conditions;
- our future debt levels and capital needs;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words “aim,” “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “going forward,” “intend,” “ought to,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “will,” “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on assumptions and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The [REDACTED] of our H Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

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

We are at a relatively early stage of commercialization of our products, as we only met the revenue requirement for a Commercial Company as set out in Chapter 2.5 of the Listing Guide following our revenue growth during the Track Record Period. In addition, we recorded net losses for the year ended December 31, 2024 and for the six months ended June 30, 2024, respectively. We recorded operating cash outflows for the years ended December 31, 2023 and 2024. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (i) risks relating to our general operations and industry; (ii) risks relating to the research and development and intellectual property rights in our products; (iii) risks relating to our financial condition and need for additional capital; (iv) risks relating to doing business in the jurisdictions where we operate; and (v) risks relating to the [REDACTED].

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

The growth of addressable markets and demand for our products or services may not meet expectations due to various factors, potentially impacting our business, results of operations, and financial condition.

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots, primarily including six-axis industrial robots and four-axis industrial robots, and selectively expanded into a full series of (ii) collaborative robots and (iii) embodied intelligent robots. Our robotics products offer core strengths in welding while also offering multifunctional capabilities such as cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others. Therefore, our future growth is dependent on the continued expansion of the addressable markets for our product offerings, especially for metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Market forecasts for these products are based on assumptions regarding macroeconomic conditions, manufacturing industry expansion, technological adoption, and the pace of intelligent manufacturing transformation in China and globally.

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However, actual market growth may fall short of projections due to a number of factors. These include slower-than-expected manufacturing upgrades in key downstream sectors; reduced capital expenditure by manufacturers during economic downturns; intensifying competition from both domestic and international robotics companies; technological shifts that may favor alternative automation solutions; delays in the adoption of emerging product categories such as embodied intelligent robots; and changes in government policies, subsidies or industry standards that adversely affect automation investments. In addition, while China is currently one of the fastest-growing industrial robotics markets globally, its growth rate may decelerate due to structural changes in the economy, fluctuations in labor cost advantages, or trade restrictions affecting component imports or product exports. If the actual growth of our target markets or customer demand for our products and services is significantly lower than industry projections, our sales volumes, revenue growth, profitability and overall financial performance could be materially and adversely affected.

Additionally, we are at a relatively early stage of commercialization of our products, as we only met the revenue requirement for a Commercial Company as set out in Chapter 2.5 of the Listing Guide following our revenue growth during the Track Record Period. Our ability to successfully commercialize our future products may involve more inherent risks, take longer and cost more than it would for a company with a longer track record in commercialization. In particular, the commercialization of new products requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified and professional employees who have, among other things, adequate technological knowledge to communicate effectively with stakeholders in relevant industries as well as sufficient experience in sales and marketing of our products.

Due to our limited track record in the commercialization of our robotic products, there can be no assurance that the sales results of our products will meet our expectation and forecast, that third parties will purchase and deploy our products in their production lines and/or other use cases, or that we will be able to fully maintain quality control over our products, which, individually or collectively, would materially and adversely affect the commercialization of our products, and, in turn, would materially and adversely affect our business, results of operations and financial condition. As a result, our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and growth prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known or unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

RISK FACTORS

The industrial robotics market is highly competitive. Failure to effectively compete with industry players may significantly impact our business, results of operations, and financial condition.

We operate in the highly competitive industrial robotics market, which includes global multinational corporations, established domestic manufacturers, and emerging technology companies. Competition is intense across multiple product categories, including industrial robots, collaborative robots, embodied intelligent robots, and others as well as across diverse application scenarios such as cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others.

Key competitors include international robotics manufacturers with long-standing global customer relationships, strong brand recognition, and substantial financial and R&D resources, as well as leading Chinese robotics companies with aggressive pricing strategies and expanding technological capabilities. Many of these competitors benefit from broader product portfolios, deeper integration with downstream automation systems, and established after-sales service networks.

We compete primarily on technology, product performance, adaptability to specific industrial processes, pricing, delivery capability, and the breadth and quality of after-sales services. If we fail to anticipate market trends, match competitors’ technological advancements, maintain cost competitiveness, or retain and expand our customer base, we may lose market share. Increased price competition, reduced margins, or an inability to secure orders from major customers could materially and adversely affect our business, results of operations, and financial condition.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Attracting and retaining key individuals, such as key management, R&D staff, technical staff, qualified executives, engineers and sales representatives, are critical to our business, and in particular, to our R&D endeavors, and the successful commercialization of our products. The competition for highly skilled employees in our industry is increasingly intense. Changes in our management team would also disrupt our business. Our management and senior leadership team has significant industry experience, which makes them instrumental to our success. See “Directors and Senior Management” in this document. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified replacement.

In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See “Regulatory Overview – Laws and Regulations on Labor and Employee Incentives – Labor, Social Insurance and Housing Provident Funds” in this document. To help attract, retain and motivate key individuals, employee incentives such as share award scheme have been, and will continue to be, an important part of our compensation. Our employee recruitment and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our share-based compensation or other compensation programs and/or workplace culture cease to be viewed as competitive, our ability to attract, retain and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

RISK FACTORS

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

Our customers usually purchase our products or services on a case-by-case basis. Given such practice, there is no assurance that our customers will make repurchases of our products frequently or at all. There is also no assurance that the industries where we operate our business and our products serve will be able to continuously attract new customers to support revenue growth as it depends on a number of factors, including but not limited to the level of acceptance by customers, the rate of expansion of use cases, and the changing customer preferences and demands. As such, if we fail to attract new customers or retain existing customers, our business, results of operations and financial condition may be adversely affected.

Furthermore, our relationship with our existing customers is key to sustaining ongoing orders and sales agreements. If we fail to maintain high levels of customer satisfaction, provide value-added products or services, or offer competitive pricing and support, we may see delays or cancellations in orders, reduced order volumes, or pressure to offer lower prices. This could not only hurt our short-term revenue but also damage our long-term reputation, making it more difficult to secure future contracts.

As we grow, managing customer relationships will require increased investments in customer support, product customization, and ongoing innovation. If we are unable to effectively address the evolving needs of our customers or meet the demands for new, advanced robotics products, our business could face stagnant or declining sales, diminished profitability, and increased competition.

Products with long lifespans and developments in technologies may adversely affect the demand for our products.

Our robotic products can replace manual labor and reduce labor costs. However, if the customers’ product has a long lifespan, there may be no need for them to procure our products. This could materially and adversely affect our business, results of operations and financial condition.

Additionally, advances in machine vision and AI, among others, make it possible for our products to be aware of their surroundings and perform multiple types of tasks safely in lieu of or in collaboration with human workers. Development of alternative technologies and products which provide similar functions may materially and adversely affect the growth prospects of the market where we operate our business. It is possible that new technologies or non-robotic products may emerge as preferred alternatives. Such new technologies and products may be more efficient, user-friendly and affordable than our robotic products and may also render the use of the foregoing obsolete and unnecessary in certain use cases. Any failure by us or the market where we operate our business as a whole to develop new or enhanced technologies or products to react to such alternative products could result in the loss of competitiveness, decline in market expansion opportunity, decreased revenue, loss of talents and loss of market share to competitors. As a result, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

If we are unable to manage our inventory risks efficiently or the proportions and amount of our write-down of inventories further increase, our business, results of operations and financial condition may be adversely affected.

Effective inventory management is crucial to our operations, as it directly impacts our ability to meet customer demand, maintain production schedules, and manage working capital. Our inventories comprise (i) raw materials and components; (ii) finished goods; (iii) materials consigned for processing and work in progress, and (iv) goods in transit, all of which are essential for the timely production and delivery of our robotics products. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, our inventory turnover days was 243 days, 240 days, 211 days and 189 days, respectively. If we are unable to manage our inventory risks efficiently, it could lead to excess inventory, stockouts, or inventory obsolescence, all of which may disrupt our production processes and result in financial losses.

Inventory write-downs occur when the value of our inventory falls below its carrying amount, which could be due to various factors such as market price fluctuations, technological advancements, or changes in customer demand. If the proportions or amount of our inventory write-downs further increase, it could negatively affect our profitability and cash flow. For example, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and components may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our offerings, we expect to include a wider variety of raw materials and components, which will make it more challenging for us to manage our inventory and logistics effectively. In addition, our products may quickly become outdated due to fast-changing trends and constant technological advancements, and any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

Additionally, managing a large and diverse inventory introduces complexity in forecasting demand, monitoring stock levels, and ensuring that the right components are available at the right time. If we fail to accurately forecast demand or mismanage inventory levels, we may face either excess stock, which could lead to storage costs, or insufficient stock, which could result in missed sales opportunities or production delays. Both scenarios could disrupt our operations and negatively impact customer satisfaction, ultimately harming our business and financial performance.

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

Our ability to manufacture high-quality robotics products depends on a steady supply of key raw materials and components. During the Track Record Period, we mainly procured raw materials and components including RV reducers, harmonic drives, servo motors, communication and control chips, and structural parts such as enclosures and die-cast components. Given the complexity and precision of our products, the quality and timely availability of these materials are critical to maintaining production schedules and meeting customer demands. The prices and availability of these raw materials and components are subject to fluctuations due to a variety of factors beyond our control. Changes in global supply chain dynamics, geopolitical instability, trade tariffs, natural disasters, and fluctuations in commodity prices can all contribute to the volatility of raw material costs and availability. Additionally, shortages or delays in the procurement of critical raw materials and components could disrupt our production timelines, leading to extended lead times, increased operational costs, or the inability to fulfil customer orders on time.

We may face supply chain risks and are dependent on certain major suppliers, and any interruption of our supplier’s services and quality could materially harm our business.

Our ability to produce high-quality robotics products depends on the reliable performance of our suppliers. We procure RV reducers, harmonic drives, and servo motors from leading domestic manufacturers of precision reducers and motors. Key components such as communication and control chips are sourced from leading global semiconductor companies and their regional affiliates. Structural parts (e.g., enclosures and die-cast components) are supplied by established domestic manufacturers with extensive experience in producing high-quality mechanical parts. The timely delivery, quality, and cost of these raw materials and components are critical to maintaining our production schedules, ensuring product quality, and meeting customer expectations. However, our supply chain is subject to various risks that could disrupt the smooth flow of materials and components. Any interruption of services or degradation in the quality of materials provided by our suppliers could significantly affect our manufacturing processes. For instance, delays in the delivery of critical components, quality issues with supplied materials, or changes in pricing terms could result in production delays, increased costs, or substandard product quality. Such disruptions may lead to missed deadlines, loss of customer trust, or increased expenses to source alternative suppliers at higher prices.

We are dependent on certain major suppliers. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, our purchase amounts from the five largest suppliers were RMB73.9 million, RMB60.4 million, RMB51.1 million and RMB56.8 million, respectively, accounting for 46.3%, 48.5%, 40.7% and 43.8% of our total purchase amounts for the same years or period, respectively. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, purchase amounts from our largest supplier were RMB27.5 million, RMB28.5 million, RMB22.9 million and RMB28.7 million, respectively, accounting for 17.2%, 22.8%, 18.2% and 22.1% of our total purchase amounts for the same years or period, respectively. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Identifying and qualifying alternative or additional suppliers and vendors is often a lengthy process and can lead to production delays, interruptions to our production and additional costs, and such alternatives are sometimes not available on commercially reasonable terms, or at all.

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Additionally, we rely on a network of suppliers located in different regions, which exposes us to risks such as fluctuations in local economic conditions, geopolitical instability, regulatory changes, and transportation disruptions. If we are unable to secure alternative suppliers quickly or if the cost of switching to new suppliers is prohibitively high, we may experience significant delays or increased operational costs. Any sustained disruption to our supply chain, whether due to supplier failure, natural disasters, or geopolitical events, could materially harm our ability to meet customer demand, maintain competitive pricing, and protect our profit margins. Moreover, issues with supplier quality could undermine the reliability of our products, leading to potential warranty claims, customer dissatisfaction, and reputational damage.

We may not be able to fully maintain high quality control over our products.

Our robotics products are designed to meet stringent performance, reliability, and safety standards across various industries, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Maintaining high-quality control throughout the entire production process is essential to ensuring that our products consistently meet customer expectations and regulatory requirements. However, the complexity of our robotics products, the integration of advanced technologies, and the demands of various industries present significant challenges in achieving and maintaining high-quality control across all aspects of our operations.

We may face difficulties in ensuring that every product meets our quality standards, particularly as we scale production and expand our product offerings. Variations in raw materials, supplier performance, production methods, and the introduction of new technologies may impact our ability to maintain consistent quality at all stages of production. Even minor deviations in quality can have significant repercussions, potentially leading to product defects, operational disruptions, customer dissatisfaction, and reputational damage. Furthermore, as we continue to innovate and expand into new product categories, the complexity of ensuring quality control increases. New product designs, materials, and manufacturing processes may require enhanced monitoring and testing procedures to meet the high standards we set for our products. In addition, any issues related to third-party components or suppliers, over which we have limited control, could impact the overall quality of our finished products. If we are unable to maintain high-quality control across our product lines, it could lead to increased warranty claims, higher costs related to product recalls or repairs, and a loss of customer trust. Furthermore, failure to uphold our quality standards may hinder our ability to enter new markets or secure long-term contracts with key clients. These risks could materially and adversely affect our business, financial condition, and market position.

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

Our customers utilize our robotics products for critical operations across various industries. Providing high-quality maintenance and support services is essential to ensuring that our products continue to operate efficiently and effectively throughout their lifecycle. Our ability to meet customer expectations for timely, reliable, and responsive after-sales service is critical to maintaining strong, long-term relationships and driving repeat business.

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However, as we expand our product offerings and enter new markets, the complexity and scale of our maintenance and support services may increase. Meeting the growing demand for support, ensuring prompt responses to service requests, and maintaining a highly skilled technical support team can be challenging, especially as we scale operations. Any failure to provide consistent, high-quality maintenance and support could result in extended downtime for customers, product malfunctions, or unsatisfactory service experiences, which could harm our reputation and customer trust.

Additionally, the increasing reliance on advanced technologies, such as AI, may require specialized support and expertise. If we are unable to keep pace with the evolving needs of our customers or provide timely troubleshooting, repairs, or upgrades, we may face dissatisfaction, higher churn rates, and a decline in customer loyalty. As a result, we could lose existing customers, miss out on valuable business opportunities, or face difficulties securing contracts with new customers. Failure to offer high-quality maintenance and support services could also lead to increased operational costs, as we may need to allocate additional resources to resolve issues, conduct training, or improve service response times. This could negatively impact our profitability and overall business performance.

We may be subject to product liability claims if our products contain defects, and we could incur significant expenses to remediate such defects. As a result, our reputation could be damaged and we could lose market shares, and our business, results of operations and financial condition may be adversely affected.

As we design, manufacture, and sell robotics products, we are exposed to the risk of product defects. Our products must meet high standards of performance, quality, and safety, as they are used in critical applications across industries. If any of our products contain defects, whether in design, manufacturing, or materials, we may face product liability claims from customers, regulators, or other parties.

Product defects could arise from various sources, including technological failures, faulty components, manufacturing errors, or issues with the integration of new technologies. If defects are discovered, we may need to recall affected products, provide replacements, or offer compensation to customers. These actions can be costly and time-consuming, and they may not fully mitigate the financial or reputational damage caused by the defects.

In addition to the direct costs of remediation, product defects can severely damage our reputation for quality and reliability. If customers experience issues with our products, they may lose confidence in our brand, leading to a decline in customer loyalty and satisfaction. This could result in lost market share, reduced sales, and an inability to secure future contracts, particularly in highly competitive markets.

Furthermore, product liability claims can also result in legal expenses, settlements, and increased insurance premiums, adding to our operational costs. In some cases, the damage to our brand and reputation may be long-lasting, particularly if the defects are widely publicized or affect high-profile customers. This could result in a loss of business opportunities, reduced growth prospects, and significant adverse effects on our financial performance.

RISK FACTORS

Our business, financial condition and results of operations may be materially and adversely affected by international trade policies and international export controls and economic sanctions.

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

During the Track Record Period, we sold certain of our products to China, Russia, Serbia, Turkey and Ukraine (these countries are collectively referred as the “**Relevant Regions**”, and each a “**Relevant Region**”). As advised by our International Sanctions Legal Adviser, (i) the products shipped to the Relevant Regions are not subject to the EAR, nor are they subject to EU or UK export control regulations, and (ii) the transactions in the Relevant Regions did not have an US, EU or UK nexus, and therefore do not represent a violation of U.S., EU, or UK primary sanctions.

During the Track Record Period, we sold industrial robotic products to a single, non-SDN entity (the “**Non-sanctioned Entity**”) located in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions of Ukraine). The revenue generated from the sales with the Non-sanctioned Entity was approximately RMB19.1 million, RMB23.1 million, nil and nil for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, representing approximately 9.7%, 10.4%, nil and nil of our total revenue for the corresponding periods, respectively. Our International Sanctions Legal Adviser is of the view that the overall secondary sanctions risk appears to be relatively limited. For more information, please refer to “Business – Compliance with International Sanctions and Export Control Laws and Regulations”.

In addition, during the Track Record Period, we adopted a multi-channel sales model, including sales to (i) direct sales to (a) system integrators, which incorporate our robots into their complex, customized robotic solutions to end customers, and (b) end customers; and (ii) distributors that adopts a buyer-seller model. Due to our sales model, we are only able to identify the immediate downstream customers with whom we contract (“**Direct Downstream Customers**”) for the sales of our products and we have limited means to track or identify subsequent or end customers (or other transaction participants involved) who obtain our products from these Direct Downstream Customers (when not acting as end customer) who are system integrators or distributors. As a result, we may have exposure to U.S., EU, and UK secondary sanctions because we cannot accurately trace the final destination of products sold to Russian entities during the Track Record Period for which our sales cannot be accurately traced. These transactions could be captured under Section 1(a) (i) of Executive Order 14024, which authorizes sanctions against persons operating in designated sectors of the Russian economy, such as manufacturing, engineering, technology, and electronics. U.S. guidance (FAQ 1126) interprets this broadly to include those who supply goods, services, or technology to these sectors. Therefore, our Russian-related sales likely fall within the scope of “U.S. Secondary Sanctionable Activity,” potentially subjecting relevant operating entities to secondary sanctions risk. Based on that we no longer have any direct sales to any entity in Russia and none of our Direct Downstream Customers is in Comprehensively Sanctioned Countries, and as advised by our International Sanctions Legal Adviser, we believe that the secondary

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sanctions risk for us to become designated as an SDN under EO 14024 or to be designated under the EU’s or UK’s secondary sanctions powers is relatively limited. As OFAC has wide discretion to impose penalties under secondary sanctions and US policy stance toward sanctions enforcement may change in the future, we cannot exclude the possibility that we could be sanctioned as a result of past activities or otherwise provide a basis for a sanctions designation of our Group. If OFAC exercises its discretion to designate us, our business, operations and our banking relationships with overseas entities subject to the jurisdiction to the OFAC may be materially and adversely affected.

International trade frictions have been escalating continuously in recent years. Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms (such as heavy tariffs or harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. Export controls and economic sanctions laws or regulations could change in a way that could affect our business, exports or sales in other countries and could result in restrictions, penalties or fines. For instance, the U.S.-China trade tensions have led to the introduction of high tariffs on a host of goods trading between the two countries, including high-technology goods, semiconductors, and electronics. The trade tensions between the two countries have been rising and there is a possibility that the extent and scale of trade restrictions between the two countries be escalated if the U.S. and China fail to reach any agreement to settle the issues. For instance, the recent tariff war between the U.S. and China has introduced further uncertainties for global supply chains and investment decisions. Both countries have announced or proposed new rounds of tariff measures, and the outcome remains unpredictable. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be being subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy. If we export our products to countries which are subject to export controls or economic sanctions in the future or if the scope of the export controls or economic sanctions are expanded, our sales to overseas customers and procurement from overseas suppliers may be adversely affected. There is no guarantee that our overseas customers will not reduce or cancel their orders, or our overseas suppliers will not cease their sales to us, due to adverse international trade policies and international export controls and economic sanctions. In addition, our expansion into other countries and regions may not be executed as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

International trade policies and international export controls and economic sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the European Union, the United Nations, the United Kingdom, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provide a basis for a sanctions designation of our Group.

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We sell our robotic products to distributors for a certain portion of our revenue. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be negatively affected.

We selectively engage distributors to market our robotic products. We leverage their existing sales network and resources. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, sales generated from our distribution channel amounted to RMB5.1 million, RMB12.8 million, RMB21.9 million and RMB7.6 million, accounting for 2.6%, 5.8%, 9.3%, and 4.9% of our total revenue for the same years or period, respectively.

Our distributors may not be able to market and sell our products successfully or maintain their competitiveness as a result of various factors. For example, our distributors may not be able to successfully organize marketing events that achieve desired results. If the sales volumes of our products to customers are not maintained at a satisfactory level, our distributors may not place new orders with us, or they may reduce orders or request discounts on the purchase price, and eventually, they may not renew the agreement with us. The loss of our distributors, or reduced orders from them, could adversely affect our access to customers and our sales volume and revenue. There is no assurance that they will do so or that we may be successful in detecting any non-compliance; and non-compliance with the agreements by any of our distributors could tarnish our brand, disrupt our sales and damage our relationship with distributors. In addition, if we fail to maintain our relationships with a majority of distributors, or our distributors fail to operate successfully, our ability to effectively sell our products could be negatively impacted. These and similar actions could also negatively affect our corporate and product image, which could result in a loss of customers and decline in sales. Furthermore, distributors selling the same products in overlapping markets may result in cannibalization or even competition among these distributors. We cannot assure you that the expansion of our sales network will continue to be successful or will generate revenue as expected.

Our business is subject to the risks associated with international expansion initiatives.

We have built up a broad and geographically diversified customer base both domestically and internationally. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, mainly covering Europe, Southeast Asia, Latin America, South Asia and North America. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our revenue generated from overseas contributed to 15.6%, 19.0%, 10.5%, 10.9% and 9.1% of our total revenue for the same years or periods, respectively.

Expanding in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in China. Specifically, our expansion into overseas markets are subject to various operational and financial risks that could adversely affect our business. The products we provide outside China are subject to risks resulting from changes in tariffs, trade restrictions, trade agreements, tax policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, data protection, trade compliance, and intellectual property laws in the respective overseas jurisdictions. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. In addition, as

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we expand our business internationally, we will be exposed to increased risk of loss from foreign currency fluctuations and exchange controls.

Because of our limited experience for expansion into international markets, managing operations in international markets, our international expansion efforts may not produce the results we expect. In addition, we will face risks in doing business internationally that could adversely affect our business. For instance, we face difficulties managing and staffing international operations and the increased operating, travel, infrastructure and legal compliance costs associated with international business. In addition, we must offer customer service in various languages, adapt and localize our product and service offerings for specific countries and regions, appropriately price our products and services and work with overseas business partners and other third parties, such as local transportation service providers. We are also subject to general risks inherent in international operations, such as fluctuations in exchange rates, embargoes and customer clearances, as well as political or social unrest or economic instability in regions in which we operate. Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding our brand, Directors, employees, or products, whether warranted or not.

Our ability to attract customers, investors, and business partners is heavily reliant on the strength of our brand and reputation in the industrial robotics market. Building and maintaining a positive public image is critical for fostering customer trust, expanding market share, and ensuring long-term growth. However, our brand and reputation are vulnerable to a wide range of external factors, some of which may be beyond our control.

Negative publicity regarding our products, services, directors, or employees, whether warranted or not, could have a significant adverse impact on our brand perception. For example, any issues related to product quality, customer service, or product recalls could result in negative media coverage, customer dissatisfaction, and damage to our brand’s credibility. Additionally, if any of our directors or employees were to be involved in controversies, legal disputes, or ethical violations, it could undermine public confidence in our company and lead to reputational harm. Even in the absence of legitimate or factual claims, rumors, social media criticism, or misinformation can spread quickly, particularly in the digital age. Such negative publicity could affect customer loyalty, reduce demand for our products, and discourage potential [REDACTED] or business partners from engaging with us. The potential damage to our brand could also lead to increased marketing and public relations expenses as we attempt to repair any harm done to our image.

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

Our growth strategy is a key driver of our business expansion, and it involves various initiatives, including but not limited to new product development, market diversification and technological advancements. For more information about our strategies, please see “Business – Growth Strategies”. While we have outlined a roadmap for growth, there is no guarantee that these strategies will be successfully implemented or achieve the outcomes we expect.

The execution of our growth plans is subject to numerous risks and uncertainties. For instance, entering new markets or product categories may expose us to unforeseen challenges, such as regulatory hurdles, cultural differences, competition, or changes in market conditions. Our efforts to expand our customer base, improve operational efficiencies, or integrate new technologies may not result in the anticipated growth if we are unable to adapt to evolving market demands, customer preferences, or technological trends.

Additionally, external factors such as economic downturns, shifts in industry standards, or disruptions in global supply chains could impact the successful execution of our growth strategies. Moreover, while we invest heavily in R&D to drive innovation, the commercialization of new products or technologies may take longer than expected, or the market response may fall short of our projections. If our growth strategies do not deliver the expected results, it could lead to missed revenue targets, increased costs, and financial strain. This may also impact investor confidence, brand reputation, and our ability to attract new business opportunities.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty, and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions. To the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing businesses. Future acquisitions and the subsequent integration of new assets, technologies and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing businesses, which in turn could adversely affect our business. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

RISK FACTORS

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

Our Company is located in China. In addition, to enhance responsiveness in overseas markets and accelerate localized operations, we established a subsidiary in Malaysia in 2024 to become our regional operations center for Southeast Asia in the near future, serving surrounding markets. We are required to obtain and maintain the requisite licenses and approvals for our business in China and other jurisdictions where we operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all of our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations and construction of our facilities, such as construction work commencement permit, environmental protection inspection and fire safety approvals, may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. Uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any of the laws, regulations and policies currently in effect or any future laws, regulations and policies. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

The development of new products and services involves significant risks, and any failure to successfully commercialize or meet market expectations could adversely affect our business, results of operations, and financial condition.

As part of our long-term strategy, we continuously invest in the development of new series or models of industrial robotic products, to meet evolving customer needs and stay ahead of technological advancements in the industrial robotics market. This includes expanding our product offerings in existing key areas such as industrial robots, collaborative robots, and embodied intelligent robots, as well as integrating cutting-edge technologies like AI, machine vision, and advanced motion control.

The development of new products and services involves inherent risks. The process from concept to commercialization is complex, resource-intensive, and time-consuming. Even with significant investment in R&D, there is no guarantee that we will successfully bring new products or services to market or that they will meet customer expectations in terms of functionality, quality, and price. Market conditions may shift, customer needs may evolve, or competition may intensify, which could limit the success of our new offerings.

RISK FACTORS

Furthermore, the failure to effectively commercialize new products, whether due to delays in product development, production issues, or a lack of market demand, could result in a failure to achieve the expected revenue growth. In such cases, the resources invested in R&D, marketing, and production may not generate the anticipated returns, which could strain our financial resources and impact profitability. If we are unable to meet market expectations or deliver innovative, cost-effective products or services, it could undermine our reputation, reduce customer trust, and hinder our ability to attract new business or retain existing customers. This could lead to decreased revenue, lower market share, and diminished competitive advantage, ultimately harming our business, results of operations, and financial condition.

We lease properties as premises primarily for our office spaces. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance.

As of the Latest Practicable Date, we leased (i) two properties with an aggregate gross floor area of approximately 394.6 square meters in China, which had been used mainly as offices or other business support functions; and (ii) one property with an aggregate gross floor area of approximately 205 square meters in Malaysia, which had been used as the office of our Malaysian subsidiary. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. There is no assurance that our existing leases would be renewed on similar or favorable terms or at all, in particular with respect to the amount of rent and the term of the lease. Any substantial increase in the rent of our leased properties may increase our property rental and related expenses, which could materially and adversely affect our profitability. There is also no assurance that our existing leases will not be terminated early by the lessors before the expiry of the relevant term. If we are required to relocate our office space, there is no assurance that we will be able to identify comparable locations in a timely manner or at all or that we will secure a lease on comparable terms.

As of the Latest Practicable Date, we had not filed the lease agreements for registration with respect to two leased properties in China, mainly including office space. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisers, the validity and enforceability of the lease agreement are not affected by the failure to register or file the lease agreement with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the lease agreement within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

Additionally, if disputes or government actions due to title challenges arise to the above-described properties, we may encounter difficulties in continuing to lease such properties and may be required to relocate. If any of these leases terminated or voided as a result of challenges from third parties or government agencies, we would need to seek alternative premises and incur relocation costs. We cannot assure you that we will be able to relocate such operations to suitable alternative premises, and any such relocation may result in disruption to our business operations and result in loss of earnings. We also cannot assure you that we will be able to effectively mitigate the possible adverse effects that may be caused by such disruption, including loss and costs. Any of such disruption, loss or costs could adversely affect our business, results of operations and financial condition.

RISK FACTORS

Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations.

While we maintain various insurance policies to protect against potential risks and losses, mainly including property damage, product liability, and employee-related risks, there is no guarantee that our insurance coverage will be sufficient to cover all potential claims. The scope of our coverage is determined by the types of risks we assess and the limits of our policies, which may not adequately address unforeseen or large-scale events. For example, in the event of significant property damage, product defects, or operational disruptions, our insurance policies may not cover the full extent of the financial losses or liabilities incurred. Additionally, the premiums for comprehensive coverage can be substantial, and certain risks may be excluded from coverage altogether, such as those arising from cyber-attacks, geopolitical events, or unforeseen regulatory changes.

If we were to experience a major event or claim that exceeds our insurance coverage, we may be forced to bear the financial burden ourselves, which could have a significant adverse effect on our business, results of operations, and financial condition. This could result in unexpected financial strain, delays in product development, or reputational damage, particularly if we are unable to resolve claims in a timely and efficient manner. Furthermore, if we are unable to secure appropriate insurance coverage in the future or if the cost of coverage becomes prohibitive, we may face increased exposure to risk, potentially undermining our ability to operate effectively or meet customer and shareholder expectations.

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

As of June 30, 2025, we operated one self-owned production site located in Chengdu, Sichuan Province, China. Our production facility is critical to the manufacturing and delivery of our robotics products. Our production facility houses essential equipment for assembly, testing, and quality control, enabling us to produce high-performance robotics products across a range of categories, mainly including industrial robots, collaborative robots, embodied intelligent robots. Any disruption at our production facility could have a significant and immediate impact on our ability to meet production targets, deliver products on time, and maintain customer satisfaction.

Potential disruptions could arise from a variety of factors, including equipment failure, accidents, natural disasters, supply chain interruptions, labor strikes, or unforeseen events such as public health emergencies or epidemics. These incidents could result in production stoppages, delays in manufacturing, or quality issues that would require additional resources to resolve. For example, a critical equipment breakdown or unexpected power outage could halt production, while a natural disaster could damage our facilities or disrupt access to key materials.

RISK FACTORS

Additionally, as we expand our operations and increase the complexity of our product lines, the risk of production disruptions may increase. Any failure to maintain operational continuity at our production facility, whether due to internal or external factors, could lead to delayed shipments, increased costs, and potential penalties for missed deadlines. Moreover, such disruptions could undermine our reputation for reliability and efficiency, potentially leading to customer attrition and a loss of competitive advantage. Any unexpected disruption at our production facility could materially and adversely affect our ability to produce and deliver products in a timely manner, damaging our business, results of operations, financial condition, and long-term prospects.

Increase in wages and shortage of labor may affect our ability to implement its projects and its performance.

Our ability to successfully conduct production operations and maintain operational efficiency is closely linked to the availability of skilled labor at competitive wage rates. As a company operating in the industrial robotics market, we rely on a diverse workforce, including but not limited to engineers, technicians, production staff, and support personnel, to design, manufacture, and deliver our robotics products. The rising cost of labor may happen in the future and potential shortages of skilled workers poses significant risks to our business.

An increase in wages could lead to higher operational costs, particularly in key areas such as R&D, manufacturing, and assembly. While we strive to offer competitive compensation packages to attract and retain top talent, any significant upward pressure on wages in the regions where we operate our business could increase our overall expenses, reducing our profitability. Additionally, increased wages may create internal pressure for higher pay across the workforce, further driving up labor costs.

Labor shortages, particularly in specialized fields such as robotics engineering, software development, and technical support, could further exacerbate these challenges. As demand for skilled workers in the technology and manufacturing sectors grows, it may become more difficult to recruit the necessary talent to support our projects. Labor shortages can lead to delays in product development, manufacturing, and service delivery, which could directly affect our ability to meet customer deadlines, satisfy contract terms, and maintain high-quality standards.

Our information technology and software systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

Our business operations rely heavily on information technology and software systems for product development, manufacturing, customer management, and communication. These systems are integral to maintaining the efficiency and reliability of our robots, supporting our operations, and ensuring that we meet customer demands in a timely manner. However, our reliance on technology also exposes us to various risks related to system malfunctions, failures, interruptions, and security breaches.

Malfunctions or unexpected system failures could disrupt our operations, delay product development, or impact the delivery of products and services to our customers. This could occur due to technical issues, software bugs, integration problems, or external factors such as power outages, cyber-attacks, or hardware malfunctions. Such disruptions may result in extended downtime, loss of productivity, or errors in product quality, which could ultimately affect customer satisfaction and harm our reputation.

RISK FACTORS

Moreover, security breaches present a significant risk to our business. Unauthorized access to our IT infrastructure or customer data could result in data theft, loss of intellectual property, or violation of privacy regulations, leading to legal liabilities and reputational damage. The increasing sophistication of cyber-attacks and the evolving nature of security threats make it challenging to fully safeguard our systems, even with the implementation of security measures.

We are reliant on third-party logistics service providers to meet the growing demand of our customers.

We may use logistics services provided by third parties, which we have no control over, to serve customers. If products are not delivered on time or are delivered in a damaged state which we failed to detect, customers may refuse to accept the products and hold less confidence in us. Furthermore, our logistics personnel or the logistics personnel of third parties act on our behalf and interact with our customers personally in some cases. Any failure to provide high-quality service to our customers may negatively impact the experience of our customers, damage our reputation, and affect our ability to retain customers. We may face claims raised by our customers that we may be held liable for any losses and damages arising therefrom. As a result, our reputation, business, results of operations and financial condition might suffer significantly.

We believe we have good business relationships with third-party logistics service providers. However, there can be no assurance that we will be able to maintain such good relationships or renew our agreements with them on commercially reasonable terms, if at all. If we fail to continue our cooperation with such service providers, or if their business or operations are interrupted or fail, and we fail to find comparable alternatives on reasonable terms, our business may be materially and adversely affected.

In addition, vehicles and personnel of third-party logistics service providers we engage may be involved in transportation accidents, and the products carried by them may be lost, damaged, destroyed. In addition, friction or disputes may arise from direct interactions between logistics service providers’ pickup and logistics personnel with senders and recipients. Personal injuries or property damages may arise if such incidents escalate.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties may materially and adversely affect our business.

Our business operations are built on trust, integrity, and compliance with legal and regulatory requirements. However, we are exposed to the risk of fraudulent or illegal activities, misconduct, or unethical behavior by employees, customers, suppliers, or other third parties. Despite our efforts to implement strong internal controls, compliance programs, and monitoring systems, we cannot guarantee that such activities will be fully detected or prevented.

RISK FACTORS

Fraudulent activities, such as misappropriation of funds, falsification of records, or manipulation of financial statements, could lead to significant financial losses, legal liabilities, and reputational damage. Misconduct by employees, such as breaches of confidentiality, intellectual property theft, or conflicts of interest, could also undermine the integrity of our operations and harm our relationships with customers, partners, and investors. Similarly, if our customers, suppliers, or other third parties engage in fraudulent or illegal activities, it could disrupt our supply chain, result in legal claims, or negatively affect our financial standing. For example, suppliers providing defective or counterfeit materials, or customers involved in fraudulent transactions, could lead to product quality issues, customer disputes, and potential regulatory sanctions. Any failure to detect or address such misconduct could have severe consequences for our business and operations.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations.

Our business operations are subject to stringent anti-corruption, anti-money laundering, anti-bribery, and other relevant laws and regulations in China and other jurisdictions where we operate our business. These laws are designed to promote ethical business practices, prevent fraudulent or illegal activities, and ensure transparency in financial and business dealings. As a company operating in multiple markets, we must comply with the legal frameworks in each region. Any failure to comply with the laws in China and other jurisdictions where we operate our business could result in severe legal consequences, including civil or criminal penalties, fines, sanctions, or restrictions on our ability to do business in certain regions. Additionally, non-compliance could damage our reputation and relationships with customers, suppliers, and regulatory authorities, undermining trust in our brand and business practices.

The risk of violating the laws where we operate our business exists despite our internal efforts to implement robust compliance and monitoring systems. This includes training programs for employees, regular audits, and a code of conduct designed to prevent unethical behavior such as bribery, corruption, or money laundering. However, given the complexity of international operations and the potential for misconduct by employees, agents, or third parties, there is no guarantee that these compliance measures will be fully effective in preventing violations. Furthermore, as we expand into new markets or develop new business partnerships, we may face increased exposure to risks related to third-party intermediaries, including agents, contractors, or joint venture partners, who may not fully adhere to our compliance standards. If any of these third parties engage in corrupt or illegal activities, it could result in reputational damage, financial loss, or legal liability for us.

RISK FACTORS

The increasing awareness of ESG issues may lead to the adoption of more stringent laws and regulations and increase our compliance costs. Failure to comply with relevant laws and regulations may adversely affect our business, financial condition and results of operations.

With the rising awareness of ESG issues, including with respect to waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensure our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. For example, we have developed comprehensive ESG policies. See “Business – Environmental, Social and Governance”. Implementing our ESG Policy may result in increased costs in our supply chain, fulfillment, and corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. If we fail to comply with such ESG-related laws and regulations, our business, financial condition and results of operations may be adversely affected.

We may face risks in relation to our risk management and internal control systems in the future.

We have put in place a set of internal control and risk management procedures to address various potential operational, financial, legal and market risks identified in relation to our operations. See “Business – Internal Control and Risk Management”. We need to maintain effective internal controls during our business operations. As we continue to expand, we need to modify and improve our financial and managerial controls, reporting systems and procedures to meet our evolving business needs. We cannot assure you that we can improve our internal controls, systems and procedures and that they are effective. In addition, we cannot assure you that our internal control systems are comprehensive enough to eliminate all risks involved in our business operation. If we cannot identify or improve our internal control system in a timely manner, our business, financial conditions and results of operations will be adversely affected.

We may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

As part of our business operations, we may be subject to claims, disputes, lawsuits, and other legal or administrative proceedings in the ordinary course of business. These could arise from a variety of sources, including intellectual property disputes, product liability claims, contractual disagreements, labor-related issues, or regulatory challenges. Legal proceedings, regardless of their merit, can be time-consuming, costly, and disruptive to our operations.

Defending against claims or disputes can divert management’s attention, incur significant legal expenses, and require the allocation of resources that could otherwise be used for business growth and development. Additionally, even if we prevail in these matters, the reputational damage or negative publicity resulting from legal disputes could harm our brand image and relationships with customers, partners, and investors. Furthermore, if any legal action results in an adverse judgment or settlement, it could lead to financial liabilities, such as damages, fines, or penalties. These liabilities could impact our financial condition, cash flow, and profitability. For example, if we are found liable for a product defect, breach of contract, or regulatory non-compliance, the costs of remediation and potential compensation to affected parties could significantly impact our business.

RISK FACTORS

Public health crises pandemic may disrupt our operations, supply chain, or customer demand, and materially and adversely affect our business.

Public health crises, such as the COVID-19 pandemic, pose significant risks to our operations, supply chain, and overall business performance. Public health crises pandemic highlighted the vulnerabilities that can arise from global health emergencies, including government-imposed restrictions, lockdowns, travel bans, and social distancing measures, all of which can disrupt day-to-day operations and business continuity. These crises can lead to workforce shortages, particularly in key production and technical roles, as employees may be unable to work due to illness, quarantine, or health and safety concerns. This can impact our ability to meet production schedules, fulfil customer orders, or develop new products in a timely manner. Additionally, the physical and logistical challenges associated with maintaining operations under such circumstances can lead to delays, operational inefficiencies, and increased costs.

Public health crises can also lead to significant changes in customer demand. For instance, a slowdown in economic activity or changes in consumer behavior could result in reduced demand for our products or services. Industries such as automotive or electronics, which are key markets for our robotic products, may experience delayed projects or reduced spending, directly affecting our sales. In addition, the ongoing uncertainty surrounding the global health environment could affect investor confidence, disrupt market conditions, and delay strategic initiatives, such as expansions or product launches. These factors combined could materially and adversely affect our business, results of operations, and financial condition.

Our operations may be disrupted by risks associated with natural disasters, health epidemics, and other outbreaks.

Our operations are susceptible to various risks posed by natural disasters, health epidemics, and other outbreaks, which can significantly disrupt our business activities, supply chain, and workforce. These events can lead to unpredictable and widespread impacts on our ability to produce, deliver, and support our robotics products.

Natural disasters, such as earthquakes, floods, hurricanes, and wildfires, may damage our facilities, disrupt transportation networks, and impair the availability of key raw materials or components. Such events can also affect the safety and availability of our workforce, delaying production schedules, increasing costs, and potentially leading to the suspension of operations. Health epidemics and other public health crises can pose additional risks by disrupting the availability and productivity of our employees, as well as creating challenges in managing customer demand and maintaining supply chain continuity. Government-imposed restrictions, such as lockdowns or social distancing measures, could further exacerbate these risks, resulting in delays to product development, manufacturing, or delivery.

Additionally, outbreaks of infectious diseases, whether localized or global, may affect the health of employees, suppliers, or customers, further complicating our ability to maintain normal business operations. The economic uncertainty and shifts in customer behaviour caused by such crises can also lead to reduced demand for our products or services, as businesses in key sectors may scale back operations or delay investments.

RISK FACTORS

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS IN OUR PRODUCTS

Our success depends on our ability to anticipate and respond to technological changes, and any failure to maintain R&D leadership may adversely affect our competitiveness and results of operations.

The industrial robotics market is characterized by rapid technological advancements, with innovations in AI, machine vision, automation software, and robotics hardware shaping the competitive landscape. Our ability to maintain leadership in R&D is crucial for sustaining our position in the market, as technological breakthroughs are often the key differentiators in product performance, cost-effectiveness, and operational flexibility. We focus on continuously improving our robotics products, particularly in application scenarios like welding, cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others where customer demands for precision, efficiency, and adaptability are ever-increasing.

However, R&D in the industrial robotics market is inherently risky and resource-intensive, with no guarantee that our investments will lead to successful product innovations or commercialization. Advances in AI, real-time navigation, sensor integration, and machine learning algorithms are essential to the continued competitiveness of our products. Failure to adequately anticipate emerging technologies, respond to market shifts, or achieve timely product development could lead to obsolescence in certain product lines or allow competitors to outpace us in introducing next-generation robotics products or solutions.

Additionally, as we move into more complex product categories, our ability to integrate cutting-edge software with mechanical systems will be critical. Failing to stay ahead of technological trends in this fast-evolving segment could result in a loss of market share, reduced revenue growth, and pressure on our profitability. A failure to maintain our R&D leadership could ultimately undermine our brand reputation, hinder our expansion into new markets, and impact our ability to capture new customer segments, adversely affecting our business and financial performance.

We have been investing, and intend to continue to invest, heavily in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

Our business strategy heavily relies on continuous and substantial investments in R&D to maintain our competitive edge in the industrial robotics market. As part of our long-term growth strategy, we will continue to focus on deepening technological R&D, such as efforts on robot underlying technologies, multimodal models, and robot “brain” systems & core components.

RISK FACTORS

However, R&D is a capital-intensive process that does not guarantee immediate returns. The development timelines for new robotic products are long, and the commercialization of new technologies may take several years before generating meaningful revenue. During this period, our R&D spending may adversely impact our profitability, as we continue to allocate significant resources to innovation without immediate financial returns.

Furthermore, there is no assurance that our R&D efforts will yield the desired results. Technological breakthroughs are inherently uncertain, and our ability to anticipate market trends or develop products that meet evolving customer demands may fall short. If we are unable to successfully convert our R&D investments into commercially viable products or achieve the expected levels of market acceptance, the financial burden of our R&D activities could negatively affect our operating cash flow, hinder profitability, and reduce shareholder value. Additionally, ongoing R&D expenditures may strain our financial position and delay the achievement of profitable operations.

We may not be able to obtain or maintain adequate intellectual property protection, which could undermine the value of our technology.

Our business relies heavily on the protection and maintenance of intellectual property as a key element of our competitive advantage in the industrial robotics market. We invest substantial resources in developing proprietary technologies across various aspects of our robotics products, including control systems, motion algorithms, robotic hardware, and advanced sensor integrations. These innovations form the backbone of our product offerings, enabling us to deliver high-performance solutions to industries such as automotive, electronics, and manufacturing.

However, the intellectual property landscape for the industrial robotics market is highly competitive and complex. As of the Latest Practicable Date, we had (i) 297 patents, including 62 invention patents, 117 utility model patents and 118 design patents; and (ii) 42 software copyrights in PRC. While we have filed patents and pursued other forms of legal protection for our core technologies, there is no guarantee that we will be able to obtain or maintain sufficient IP protection in all markets. The patent approval process can be lengthy, costly, and subject to vary legal standards across different jurisdictions. Furthermore, we may face challenges in enforcing our intellectual property rights, particularly in regions where intellectual property laws may be less robust or where competitors may infringe upon our patents or reverse-engineer our technology. Even if we are granted patents or other protections, there is a risk that our intellectual property may be challenged, invalidated, or circumvented by competitors. In addition, we may not be able to fully protect trade secrets, proprietary software, or other non-patented technologies, which are integral to our business. The loss or weakness of intellectual property protection could lead to a loss of technological differentiation, increased competition, and a diminished ability to command premium pricing for our products.

RISK FACTORS

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products could be found invalid or unenforceable if being challenged in court or before the China National Intellectual Property Administration or similar intellectual property agencies in other jurisdictions.

As a company that heavily relies on intellectual property to protect our technology and maintain a competitive edge in the industrial robotics market, we may face legal challenges related to the protection and enforcement of our patents, trademarks, and other proprietary rights. While we have invested significant resources in obtaining and maintaining intellectual property protection for our core technologies, there is a risk that we may become involved in costly and time-consuming litigation to defend our intellectual property rights, especially if competitors or third parties challenge the validity or scope of our patents.

Intellectual property litigation is often complex, expensive, and unpredictable. If our patents are challenged in court or before intellectual property agencies such as the China National Intellectual Property Administration (“CNIPA”) or similar authorities in other jurisdictions, we could face significant legal expenses and reputational risks. Even if we are successful in defending our patents, the process could be protracted, diverting management focus and resources away from our core business operations. In some cases, litigation may not result in a favorable outcome, which could lead to the invalidation of our patents or a reduction in their enforceability.

If our patents are found to be invalid or unenforceable, we could lose the legal protections that are critical to the uniqueness and value of our technology, leaving us exposed to increased competition and potential infringement by others. Furthermore, the loss of intellectual property protection could diminish our ability to charge premium prices for our products, impact customer loyalty, and reduce our overall profitability. The uncertainty surrounding intellectual property disputes also adds a layer of operational and financial risk, particularly in jurisdictions where intellectual property enforcement mechanisms are less established or where competing technologies may be able to bypass existing patents. In addition to potential costs and uncertainties in defending our IP, the legal process may also expose us to counterclaims or claims of infringement, which could further complicate our position and lead to additional liabilities. The financial and reputational impact of such litigation could significantly affect our business and financial condition.

RISK FACTORS

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

Some of our competitors have large patent portfolios and may claim that the commercial use of our products has infringed upon their patents. These patents have broad claims, so it might be alleged that certain features of our products fall within the claims of such patents. Therefore, our competitors may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of relevant products. We cannot assure you that we or our products will not infringe any intellectual property rights held by third parties in the future. We may face claims of infringement of third parties’ proprietary rights or claims for indemnification resulting from infringement arising from our operations or the design, development and distribution of our products. In addition, we may be unaware of intellectual property registrations or applications relating to our products or business operations that may give rise to potential infringement claims against us. There may also be technologies licensed to and relied on by us that are subject to infringement or other corresponding allegations or claims by third parties.

Companies in the industrial robotics market may use intellectual property litigation to gain a competitive advantage. Whether a product or solution infringes upon a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. We may hire employees who have previously worked for our competitors or other companies in relevant industries. There can be no assurance that such employees will not use their previous employers’ proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Our competitors may also have filed for patent protection which is not yet a matter of public knowledge or claim trademark rights that have not been revealed through our searches of relevant public records. Our efforts to identify and avoid infringing upon third parties’ intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could:

- be expensive and time-consuming to defend;
- cause us to pay substantial damages to third parties;
- forbid us from making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products;
- cause us to enter into royalty or licensing agreements in order to obtain the right to use a third party’s intellectual property, which agreements may not be available on terms acceptable to us or at all;
- divert the attention of our management; or
- result in customers terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

RISK FACTORS

We may from time to time in the ordinary course of our business be confronted with claims or allegations relating to intellectual property infringement. Such claims may or may not escalate to legal proceedings, the outcomes of which are unpredictable. In case of any disputes or lawsuits, there can be no assurance that we will be able to prevail in our defense or reverse any unfavorable judgment, ruling or decision against us. Any of these or future proceedings or actions or claims, with or without merit, could be costly and distract our management from day-to-day operations. We may incur substantial legal expenses in defending against such infringement claims, regardless of their merits. If we fail to successfully defend against these claims or do not prevail in such proceedings, we may be prohibited from using certain intellectual property rights, subject to substantial amounts of damages, fines or penalties or ordered to cease operations of certain of our business, which may in turn have a material and adverse effect on our business, results of operations and financial condition, or cause negative publicity and tarnish our reputation.

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

As part of our business strategy, we invest heavily in R&D to develop innovative technologies in the industrial robotics market. In order to protect these innovations and maintain our competitive edge, we actively file patent applications for our core technologies, including but not limited to robotics hardware, control systems, software, and process algorithms. As of the Latest Practicable Date, we had 297 patents, including 62 invention patents and 117 utility model patents in PRC. However, there is no guarantee that all of our patent applications will be granted or that the patents will be issued in the form we expect.

The patent application process is complex, and even if we meet all the technical and legal requirements, the decision to grant a patent is ultimately at the discretion of the relevant intellectual property authorities, such as the China National Intellectual Property Administration or other international patent offices. Patent applications can be subject to opposition, challenges, or rejection by these agencies, and even if granted, the scope and enforceability of the patent may not fully cover the technological aspects we intended to protect.

If any of our key patent applications fail to be granted, or if the patents issued are narrower than expected, we may be unable to effectively protect our technological innovations. This could allow competitors to develop and commercialize products or services similar to ours without facing legal restrictions. In such cases, our market position could be weakened, as we would lose the exclusive rights to use and profit from certain technologies. This may result in diminished revenue potential, reduced competitive advantages, and the loss of customers who may turn to alternative, competing products. The inability to secure adequate patent protection may also undermine our ability to attract strategic partnerships, secure favorable contracts, or obtain investment, as our intellectual property portfolio is often seen as a critical asset by potential [REDACTED] and partners. Furthermore, without the ability to prevent competitors from exploiting similar technologies, we may face increased competition, lower margins, and reduced profitability, which could materially and adversely affect our business, financial condition, and long-term prospects.

RISK FACTORS

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The China National Intellectual Property Administration and various governmental patent agencies in other jurisdictions require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdictions. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business, results of operations and financial condition.

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

Our ability to protect and capitalize on our technological innovations heavily relies on the strength and enforceability of our patents. However, the patent system is subject to evolving legal frameworks and regulatory changes across jurisdictions. Changes in patent laws, such as modifications to patentability criteria, the scope of patent protections, or patent enforcement procedures, could significantly impact our ability to secure, maintain, and defend patents for our core technologies. For instance, if patent laws were to become more restrictive or if there were changes to the way patent claims are interpreted or enforced, the legal protections for our innovations could be diminished. Such changes could reduce the scope of patent rights or make it more challenging to obtain patents for certain aspects of our products. Furthermore, if new legislative developments favor third parties, such as increased use of compulsory licensing or limitations on the duration of patent exclusivity, it could undermine our ability to prevent competitors from using or commercializing technologies similar to ours.

The potential for changes in patent law to reduce the effectiveness of patent protection is a significant risk, particularly as we expand into new markets and continue to develop cutting-edge robotics products. Without strong patent protections, we may face increased competition from domestic and international competitors who may be able to replicate or build upon our innovations without facing legal consequences. This could undermine our market position, diminish the value of our intellectual property, and negatively impact our ability to achieve sustainable growth and profitability. Moreover, changes in patent law could also lead to increased costs associated with patent filings, litigation, and enforcement actions. The unpredictability of future patent law developments makes it difficult to assess the long-term viability of our patent portfolio as a valuable asset, further increasing the legal and financial risks associated with our intellectual property.

RISK FACTORS

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that we, or our employees or our business partners have wrongfully used or disclosed trade secrets allegedly owned by others.

Our business depends partially on the confidentiality of our trade secrets, including proprietary algorithms, software, manufacturing processes, and other sensitive information that gives us a competitive advantage in the industrial robotics market. These trade secrets are essential to our technological innovation, product development, and overall business operations. However, despite our efforts to protect these assets, there is no guarantee that we will be able to maintain the confidentiality of our trade secrets indefinitely. We rely on a combination of internal security measures, employee confidentiality agreements, and non-disclosure agreements with business partners to safeguard our trade secrets. However, there is always the risk that these measures may be insufficient to prevent unauthorized access, disclosure, or use of our confidential information, especially in a rapidly changing technological environment.

Additionally, we may face legal challenges from third parties who claim that we, our employees, or our business partners have wrongfully used or disclosed trade secrets allegedly owned by others. Such claims could arise from disputes with former employees who may bring confidential information to new employers or from business partners who may assert that we have misappropriated their proprietary information. Defending against such claims can be time-consuming, costly, and disruptive to our operations. Even if we prevail in such disputes, the reputational damage, legal costs, and potential injunctions could harm our business.

Furthermore, the loss or unauthorized disclosure of our trade secrets could undermine our competitive position by enabling competitors to replicate our technologies, reducing our ability to maintain pricing power and market share. If we are unable to adequately protect our trade secrets, or if we become entangled in trade secret misappropriation claims, it could adversely affect our business, results of operations, financial condition, and long-term prospects.

If our trademarks and trade names are not adequately protected, we may not be able to build name recognition in our markets of interest and our competitive position may be adversely affected.

We own a number of trademarks. For more information, please refer to “Statutory and General Information – B. Further Information about the Business – Intellectual Property” in Appendix IV to this document. Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and may not be registered in all the necessary or desirable jurisdictions and categories in which we intend to sell our future products or services. Our trademarks may not be approved by one or more governmental trademark offices or may not be approved for use on our products or services. We may not be able to protect our rights to these trademarks and trade names or may be forced to stop using these names, which we need for name recognition by potential partners or customers in our markets of interest. At times, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. As such, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

RISK FACTORS

Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantages.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business nor permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make identical or similar products that are not covered by the claims of the patents that we own;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- third parties might conduct R&D activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets; and
- we may not develop additional technologies that are patentable.

We may not be able to protect our intellectual property rights globally.

Filing, prosecuting and defending patents on our technologies globally can be extremely expensive and time-consuming. We may encounter difficulties in protecting and defending our China-based patents and related rights in overseas jurisdictions. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries and regions outside the jurisdictions where we registered our intellectual properties. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products. Our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing with us.

Many companies have encountered significant problems in protecting and defending intellectual property rights in overseas jurisdictions. The legal systems of other countries and regions may not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents in such countries.

As we gradually expand our overseas patent portfolio, we may encounter situations where we need to initiate proceedings in order to enforce our patent rights. These proceedings in overseas jurisdictions could result in substantial cost and divert our resources and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of rejection, and could provoke third parties to assert claims against us. We may not prevail in lawsuits that we initiate or be awarded the damages or other remedies, if any, as we deem sufficient. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual properties that we develop.

RISK FACTORS

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We may not be able to obtain additional capital when desired on favorable terms or at all.

Our capital requirements will be subject to many factors, including, but not limited to:

- technological advancements;
- market acceptance of our products and product enhancements, and the overall level of sales of our products;
- research and development expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- enhancements to our infrastructure and systems and any capital improvements to our facilities;
- potential acquisitions of businesses and product lines; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact.

Especially, our production facility and operations may require substantial investment and upgrading from time to time due to depreciation or business growth, which may increase our cost. If we cannot successfully recover such cost, our profitability may be decreased. Additionally, the timely completion of planned upgrading is subject to a number of factors, including our ability to raise and maintain sufficient funds for such upgrading, our ability to obtain the required licenses and permits from government authorities, and adequate supply and timely delivery of products. If upgrading is not completed in a timely manner, our operations may be temporarily restrained, which may further materially and adversely affect our business, financial condition, results of operations and prospects.

If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing workforce, take advantage of future opportunities or respond to competitive pressures.

RISK FACTORS

We have incurred net losses for the year ended December 31, 2024 and the six months ended June 30, 2024, and recorded operating cash outflows for the years ended December 31, 2023 and 2024, and may not be able to achieve or subsequently maintain profitability in the near future.

We have incurred net losses of RMB12.9 million and RMB9.7 million for the year ended December 31, 2024 and the six months ended June 30, 2024, respectively, and recorded net cash used in operating activities of RMB30.9 million and RMB17.8 million for the years ended December 31, 2023 and 2024, respectively. For further detailed analysis, please see “Financial Information – Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income” and “Financial Information – Liquidity and Capital Resources – Cash Flows”.

We may continue to incur net losses in the near future, as we are in the stage of expanding our business and operations in the rapidly growing robotics industry and are continuously investing in R&D. However, our active efforts to acquire new customers or launch new products may result in higher initial layout of costs required to meet specific customer needs, including longer on-site implementation lead time for our robotics products to onboard customers, and mold development and/or production line adjustments associated with the mass production of our newly launched products. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, effectively and successfully compete, and develop new products. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. Our costs and expenses may continue to increase in future periods, as we continue to expand our business and operations and invest in R&D activities. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may incur losses in the near future and may not be able to achieve or subsequently maintain profitability.

In addition, we cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as [REDACTED], and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

RISK FACTORS

Any reduction or termination of our government grants and preferential tax treatment could adversely affect our financial condition.

Our business operations benefit from various government grants, subsidies, and preferential tax treatments, which have been integral to supporting our growth and innovation in the industrial robotics market. For the years ended December 31, 2022, 2023, 2024, and the six months ended June 30, 2024 and 2025, the government grants we recognized as other income was RMB40.1 million, RMB20.8 million, RMB10.3 million, RMB3.1 million, and RMB5.7 million, respectively. In addition, our Company was qualified as “High and New Technology Enterprises” and were entitled to a preferential income tax rate of 15% during the Track Record Period. These financial incentives help to offset some of our R&D costs, expand our production capabilities, and facilitate the launch of new products. However, these grants and tax benefits are subject to changes in government policy and economic conditions, and there is no guarantee that they will continue at the same levels or be available in the future. Any reduction or termination of these government grants or preferential tax treatments could significantly impact our financial condition, as it would increase our operating expenses and reduce our overall profitability. If we are no longer able to access the same level of financial support, we would need to find alternative sources of funding or absorb the additional costs into our existing budget, potentially straining our cash flow and diverting resources away from key strategic initiatives, such as expanding production capacity or advancing R&D.

We are subject to credit risk related to delay in payment and defaults of customers. Any significant delay in payment or default on our receivables could materially and adversely affect our liquidity and financial performance.

We are exposed to credit risk related to delay in payment and defaults of our various customers. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had trade and bills receivables of RMB75.0 million, RMB101.1 million, RMB113.9 million and RMB142.1 million, respectively. Bills receivable are subject to impairment under the general approach. For trade receivables, an impairment analysis is performed at the end of each period of the Track Record Period using a provision matrix to measure expected credit losses. The provision rates are based on an aging analysis of groupings of various customers with similar loss patterns. In 2022, 2023 and 2024 and the six months ended June 30, 2025, the trade receivables turnover days were 98 days, 125 days, 146 days and 120 days, respectively.

RISK FACTORS

We may not be able to collect all of our trade and bills receivables due to factors beyond our control, such as adverse operating conditions or financial conditions of our customers, and customers’ inability to pay due to delays in payment from their own end users. If our customers delay or default on their payments to us, we may need to make impairment provisions and write off the relevant receivables. This would have a negative impact on our liquidity and financial condition. There can be no assurance that our credit control policies and measures implemented will be adequate to protect us against material credit risks and enable us to avoid losses. We may make provisions for doubtful debts based on certain assumptions, estimates and assessments about the recoverability of our trade and bills receivables, including the creditworthiness and past collection history of our customers. However, such collectability estimates may prove to be inaccurate or there may be a change in the underlying basis of such assumptions, estimates and assessments. In the event that we are required to make future adjustments or our actual losses exceed our provisions, this could result in a material and adverse effect on our results of operations and financial condition.

We have indebtedness and may incur substantial additional indebtedness and increased cost of indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

As of June 30, 2025, we had RMB222.9 million in trade and bills payables, and had RMB44.0 million in current interest-bearing bank loans. For more information, please see “Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities – Trade and bills payables” and “Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities – Interest-bearing bank loans”. We may not have sufficient funds available to meet our payment obligations in light of the amount of trade and bills payables, and interest-bearing bank loans due in the near-term future. This level of trade and bills payables, and interest-bearing bank loans could have significant consequences on our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations, and limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, financial condition and results of operations as well as our ability to meet our payment obligations under our debt.

RISK FACTORS

In addition, we are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. Our interest-bearing bank loans generally bear interest at variable rates, generally linked to market benchmarks such as the benchmark interest rate issued by local banks. Any increase in interest rates would increase our finance expenses relating to our variable rate indebtedness and increase the costs of refinancing our existing indebtedness and issuing new debt. Furthermore, we are exposed to lending policy changes by the commercial banks. If these commercial banks tighten their lending practices, or if they are no longer willing to provide financing to companies in the industry where we operate, we may not be able to extend our interest-bearing bank loans or make additional borrowings in the future.

Prepayment arrangements with our suppliers for procurement may expose us to the credit risks of such suppliers and may also significantly increase our costs and expenses, which could in turn materially and adversely affect us.

We had non-current prepayments assets for property, plant and equipment, and current prepayment assets to suppliers mainly for procurement of raw materials and components during the Track Record Period. As of December 31, 2022, 2023 and 2024 and June 30, 2025, our prepayment for property, plant and equipment amounted to RMB3.1 million, RMB2.7 million, RMB2.0 million and RMB0.9 million, respectively; and our current prepayment assets amounted to RMB3.1 million, RMB2.9 million, RMB3.3 million and RMB3.8 million, respectively. An increase in prepayment requirements could strain our liquidity, creating a mismatch between cash outflows for property, plant and equipment and to our suppliers and the delayed collection of trade receivables. We may be unable to recover such prepayments in a timely manner, which may materially and adversely affect our business, financial conditions and results of operations.

Fair value change for financial assets at fair value through profit or loss (“FVTPL”) may adversely affect our results of operations and financial condition.

We made investments in certain financial products during the Track Record Period and recorded them at FVTPL of RMB20.7 million, RMB3.8 million, nil and RMB30.0 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Our financial assets at FVTPL consist of wealth management products. See Note 21 to the Accountants’ Report in Appendix I to this document for further details.

We face exposure to fair value change for the financial assets at FVTPL. Going forward, we may continue to invest in wealth management products. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the [REDACTED] and regulatory environment, will result in fair value gains on the financial products we invest in, or we will not incur any fair value losses on our investments in the financial products in the future. If we incur such fair value losses, our results of operations and financial condition may be materially and adversely affected. Even if we generate fair value gains, our investments may earn yields substantially lower than anticipated. In addition, the fair value of these financial products may fluctuate significantly, which contributes to the uncertainties in valuation. Any failure to realize the benefits we expected from these financial products may materially and adversely affect our business and financial condition.

RISK FACTORS

Fluctuations in exchange rates could adversely affect our results of operations.

We derive a growing portion of our sales from international customers. Therefore, a portion of our total revenue have been denominated in foreign currencies, particularly U.S. dollars. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our revenue generated from overseas contributed to 15.6%, 19.0%, 10.5%, 10.9% and 9.1% of our total revenue for the same years or periods, respectively. As a result, we face risks resulting from currency exchange rate fluctuations, particularly, between Renminbi and U.S. dollars. We recorded net foreign exchange gains of RMB3.7 million, RMB0.4 million and RMB0.1 million for the year ended December 31, 2022 and 2024 and six months ended June 30, 2024, respectively; and we recorded net foreign exchange losses of RMB0.3 million and RMB0.1 million for the year ended December 31, 2023 and six months ended June 30, 2025, respectively. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future.

We may make additional impairment loss on our assets.

During the Track Record Period, we conducted regular review and impairment assessment on carrying amounts of our property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant assets is estimated in order to determine the extent of the impairment loss, if any. In particular, according to our accounting policies, we may only retain an asset when it is capable of generating enough cash to pay for itself and, preferably, produce some profit, failing which, its carrying amount would have to be reduced to reflect the loss of capability to produce cash and profit. Such test involves business judgement of our management, which is subjective in nature and subject to inherent limitations and risks.

We have granted, and may continue to grant, share-based awards, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders’ stake.

We recorded share-based payments expenses of RMB4.4 million, RMB0.3 million, RMB1.9 million, RMB0.7 million and RMB0.3 million for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, in connection with employee share incentive grants. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders’ stake.

RISK FACTORS

If we fail to perform our contractual obligations, our liquidity and financial positions may be materially and adversely affected in the future.

Our contract liabilities represented advances received to deliver our robotic products. Our contract liabilities decreased from RMB2.2 million as of December 31, 2022 to RMB1.7 million as of December 31, 2023, increased to RMB3.6 million as of December 31, 2024, and then decreased to RMB2.5 million as of June 30, 2025. If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, our customers may request not to prepay us in the future. Any of these circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

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

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

During the Track Record Period, we hold subsidiaries in the PRC and Malaysia. However, the growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies. The continued uncertainty and potential escalation of China-U.S. trade frictions further undermine global supply chain stability, potentially compelling enterprises to restructure trade routes and elevating compliance costs. Concurrently, the spread of geopolitical conflicts and terrorism threats in specific regions have triggered significant volatility in energy and commodity markets. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

RISK FACTORS

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access [REDACTED] to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

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

We are based in China and our business in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. As the legal system in China continues to develop, laws and regulations may continue to evolve and be subject to interpretation. As these laws and regulations are continually evolving in response to changing economic and other conditions, we cannot foresee how these laws, rules and regulations will be interpreted and enforced, which may adversely affect the legal protections and remedies that are available to us and our investors.

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

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

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

RISK FACTORS

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

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

Our Company is incorporated under the laws of the PRC, and a substantial part of our assets, subsidiaries and all of our Directors and senior management, are located in China. As a result, it may not be possible for investors to effect services of process upon us, or our Directors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court of the PRC and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement will, upon its effectiveness, supersede the 2006 Arrangement.

RISK FACTORS

We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations.

We are subject to various labor-related laws and regulations in the PRC and other jurisdictions in which we operate. 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. We are required to (i) set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in accordance with the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》) and (ii) obtain social insurance certificates (社會保險登記證) for our employees and pay the social insurance contributions time in accordance with the PRC Social Insurance Law (中華人民共和國社會保險法). We may be required to pay such shortfall in housing provident fund and social insurance contributions within a prescribed time period and to pay penalties if we fail to do so. As advised by our PRC Legal Advisers, (i) under the Regulations on Administration of Housing Provident Fund, if we fail to pay housing provident fund contributions within the prescribed deadlines, we may be subject to an order by the relevant people’s court to make such payments; and (ii) according to the PRC Social Insurance Law, (a) for outstanding social insurance fund contributions that we did not fully pay within the prescribed deadlines, the relevant PRC authorities may demand that we pay the outstanding social insurance contributions within a stipulated deadline and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay; and (b) if we fail to make such payments, we may be liable to a fine of one to three times the outstanding contribution amount. Violations of these laws and regulations could adversely affect our brand, overseas growth efforts and business.

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. Based on the assessment performed by our Group, as of December 31, 2022, 2023 and 2024 and June 30, 2025, the outstanding shortfall amounted to RMB8.1 million, RMB11.0 million, RMB13.6 million and RMB14.6 million, respectively. As advised by our PRC Legal Advisers, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or be subject to material administrative penalties is considered remote because: (i) as of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our previous unpaid contributions; (ii) we have obtained Special Credit Reports for Market Entities confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (iii) based on the interviews conducted by our PRC Legal Advisers with relevant competent authorities, the government agencies have confirmed that in the absence of large-scale employee complaints, they generally will not proactively initiate investigations into the previous unpaid social insurance or housing fund contributions. As of the Latest Practicable Date, we were not aware of any current unresolved employee complaints; (iv) we undertake to pay the shortfall within a prescribed time period if and when requested by the competent government authorities; and (v) on September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment

RISK FACTORS

(關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知), which prohibits local authorities from organizing and conducting centralized collection of enterprises’ historical shortfall of social insurance contributions.

Based on the above, we did not accrue any provision in respect of the shortfalls mentioned above during the Track Record Period. However, no assurance can be given that PRC authorities will not seek to impose fines, late payment fees or other penalties in respect of our prior underpayments, or that the amounts of any such fines, fees or liabilities will not be material. If PRC authorities were to impose material fines, late payment fees, or other penalties, our financial condition, results of operations and cash flows could be materially and adversely affected.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the “SAFE”); however, we are required to present relevant documentary evidence of such transactions 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 the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

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

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies(《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, which had become effective on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, please refer to “Regulatory Overview – Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies” in this document. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

RISK FACTORS

Our payment of dividends is subject to restrictions under applicable laws and regulations.

Our payment of dividends is subject to restrictions under applicable laws and regulations. For example, under the current PRC law, dividends may be paid only out of our PRC subsidiaries’ accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Moreover, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, in the future, if any of our subsidiaries incurs debt on its own behalf, the instruments governing the debt may impose restrictions on its ability to pay dividends or other payments to our Company. The inability of our subsidiaries to distribute dividends or other payments to our Company could significantly affect the amount of liquidity available to supply the development and growth of our business.

Our offshore subsidiary may be treated as a resident enterprise for PRC tax purposes.

During the Track Record Period, we have one offshore subsidiary in Malaysia and may establish more in the future. Under EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although our offshore subsidiary has substantive business operations in the country where it is located, as our Company is a PRC enterprise, our offshore subsidiary may be questioned by the competent regulatory authorities, and if our offshore subsidiary is deemed as a PRC resident enterprise, it could be subject to the EIT at 25% on its global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could increase our tax burden and affect our cash flows and profitability.

RISK FACTORS

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate our business.

During the Track Record Period, our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are located and operated, namely, the PRC and Malaysia. The PRC EIT Law imposes a tax rate of 25% on business enterprises, while our Company was qualified as “High and New Technology Enterprises” and were entitled to a preferential income tax rate of 15% during the Track Record Period. Our Group’s subsidiary in Malaysia is subject to enterprise income tax on its taxable income in Malaysia at a rate of 24%. See Note 10 to the Accountants’ Report in Appendix I to this document for further details.

To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

In addition, due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

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

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

RISK FACTORS

Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

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

RISK FACTORS

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for the Shares and the liquidity and [REDACTED] of our Shares may be volatile.

Prior to the [REDACTED], there has been no public market for our H Shares. The initial [REDACTED] for the H Shares was the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] for our H Shares following the [REDACTED]. We cannot assure you that an active trading market for our H Shares will develop or be sustained after the [REDACTED] or that the [REDACTED] of our H Shares will not decline below the [REDACTED]. The [REDACTED] for our H Shares may be highly volatile and subject to wide fluctuations in response to a number of factors, some of which are beyond our control.

The trading price of the Shares may be volatile, which could result in substantial losses to you.

The trading price of our H Shares may be volatile and could fluctuate significantly due to factors beyond our control. Such factors include, but are not limited to, variations in our revenue, earnings and cash flow, changes in our operating results, changes in analysts’ estimates, perceptions of our industry and regulatory developments in the PRC and elsewhere. The securities markets have from time-to-time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the [REDACTED] of our H Shares.

Additionally, under PRC law, all existing Shareholders are restricted from disposing of any of their Shares within the first 12 months following the [REDACTED]. This lock-up period may affect the liquidity and [REDACTED] of our H Shares shortly after the [REDACTED]. These factors, independent of our actual business performance, could contribute to substantial price volatility and potential losses for [REDACTED] in our H Shares.

[REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of our H Shares in the [REDACTED] may be higher than the net tangible book value per H Share immediately prior to the [REDACTED]. As a result, [REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution in net tangible book value. In addition, we may need to raise additional funds in the future and may issue additional Shares or securities convertible into Shares. [REDACTED] of our H Shares may experience further dilution in the net tangible book value per Share if we issue additional Shares or securities in the future.

RISK FACTORS

Future sales or perceived sales of substantial amounts of our H Shares could adversely affect the [REDACTED] and dilute shareholder holdings.

The [REDACTED] of our H Shares and our ability to raise capital at favorable terms could be negatively impacted by the future sale of substantial amounts of our H Shares in the public market, especially if sold by our Directors, executive officers, or Controlling Shareholders, or if we issue new shares or share-linked securities. The perception of such sales or issuances could also exert downward pressure on our share price. Additionally, if we issue additional securities in the future, our existing Shareholders may experience dilution in their holdings.

We may issue new shares under any current or future share incentive schemes, further diluting Shareholder interests. These newly issued shares or share-linked securities could carry rights and privileges that take precedence over those of our H Shares. Certain shares held by our Controlling Shareholders are subject to lock-up periods starting from the date our Shares commence trading on the Hong Kong Stock Exchange. We cannot guarantee that they will not sell shares at that time or in the future. Such sales, or the potential for these shares to enter the market, could negatively affect the prevailing [REDACTED] of our H Shares.

Additionally, investors who [REDACTED] to shares in the [REDACTED] may not be subject to any disposal restrictions on their H Shares, and they may have existing arrangements or agreements to sell part or all of their H Shares immediately after the [REDACTED] for various legal, regulatory, business, or market reasons. These sales, especially if occurring in a short period after the [REDACTED], could exert downward pressure on the [REDACTED] and create substantial volatility in the [REDACTED] of our H Shares.

The interests of our Controlling Shareholders may conflict with the best interests of our other shareholders.

Upon the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised), our Controlling Shareholders will be entitled to exercise and control the exercise of an aggregate of approximately [REDACTED]% of the voting rights at our general meetings, giving them substantial control over our business and corporate decisions. This concentrated ownership allows our Controlling Shareholders to exercise significant influence over matters requiring Shareholder approval, including the election of directors, mergers, business combinations, asset acquisitions or disposals, issuance of additional Shares or other equity securities, dividend payments, and overall corporate strategy.

This level of control may lead our Controlling Shareholders to make decisions that serve their interests but are not necessarily aligned with those of our minority Shareholders. Additionally, this concentration of ownership may deter, delay, or prevent a change in control of our Company, which could otherwise provide Shareholders an opportunity to sell their shares at a premium. Such actions could negatively affect the [REDACTED] of our H Shares and limit the influence of other Shareholders on the Company’s governance and future direction.

RISK FACTORS

Our historical dividends may not be indicative of our future dividend policy, and there is no assurance of future dividend payments.

Our Board has discretion as to whether to distribute dividends. The amount of dividends we have paid in the past is not indicative of our future dividend policy or dividend amounts. The declaration and payment of dividends will be at the discretion of our Board and will depend on various factors, including our business prospects, financial performance, cash flow, capital requirements and the terms of our financing arrangements. There can be no assurance that we will declare and pay dividends in the future in any amount.

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

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our [REDACTED] or [REDACTED] to decline.

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

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. For further details on our plans to use [REDACTED] from the [REDACTED], please refer to “Future Plans and [REDACTED]” in this document. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED].

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

Certain facts, forecasts, and other statistics included in this document are derived from various publicly available government and official sources. While our Directors believe these sources to be appropriate and have taken reasonable care in obtaining and reproducing the information, we cannot guarantee the accuracy, quality, or reliability of the underlying source materials. This data has not been independently verified by us or any other parties involved in the [REDACTED] and no representation is given as to their accuracy.

Additionally, we cannot assure our investors that this information has been compiled on a basis or with the same level of accuracy as similar data presented elsewhere. Therefore, prospective [REDACTED] are advised to carefully consider the weight and importance they place on such facts and statistics when evaluating this document.

RISK FACTORS

Our forward-looking statements are subject to uncertainties, and future results could differ materially from those expressed or implied.

This document contains forward-looking statements about our business based on management’s current beliefs, assumptions, and information available at the time. Forward-looking statements are identified by terms such as “aim,” “anticipate,” “believe,” “could,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “will,” and similar expressions. These statements reflect management’s views on future events, operations, liquidity, and capital resources; however, they are inherently subject to risks, uncertainties, and assumptions.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results could differ significantly from those suggested by these forward-looking statements. Factors beyond our control and future business decisions could impact outcomes, many of which are discussed in the “Risk Factors” section of this document.

In light of these uncertainties, forward-looking statements should not be considered assurances of specific plans or objectives, and prospective [REDACTED] are cautioned not to place undue reliance on them. All forward-looking statements in this document are qualified by these cautionary statements. Subject to ongoing disclosure obligations under the Listing Rules or Hong Kong Stock Exchange requirements, we do not intend to publicly update or revise forward-looking statements due to new information, future events, or other factors.

Prospective [REDACTED] should rely solely on this document and not on media reports when making investment decisions.

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

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

In preparation for the [REDACTED], our Company has sought and [has been granted] the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, we must have a 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 management, business operations and assets are primarily located outside Hong Kong. The principal management headquarters of our Group are primarily based in the PRC. Our Company considers that our Group’s management is best able to attend to its functions by being based in the PRC. None of our executive Directors is or will be ordinarily resident in Hong Kong after the [REDACTED] of our Company. Our Directors consider that relocation of our executive Directors to Hong Kong will be burdensome and costly for our Company, and it may not be in the best interests of our Company and our Shareholders as a whole to appoint additional executive Directors who are ordinarily resident in Hong Kong. As such, we do not have, and for the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

- (1) 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 appointed are Ms. Gu Fei (谷菲) and Ms. Wong Mei Fung Carrie (黃美鳳) (“**Ms. Wong**”). Ms. Wong is situated and based in Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone facsimile and email;
- (2) As and when the Stock Exchange wishes to contact our Directors on any matters, each of our authorized representatives has the means to contact all of our Directors (including the independent non-executive Directors) promptly at all times;
- (3) Although our executive Directors are not ordinary residents in Hong Kong, each of our Directors possesses or can apply for valid travel documents to visit Hong Kong and is able to meet with the Stock Exchange within a reasonable period of time, when required;

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

- (4) We have appointed Zhongtai International Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorized representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us; and
- (5) We have provided the Stock Exchange with the contact details of each Director (including their respective mobile phone number, office phone number and e-mail address).

Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorized representatives, the Directors and/or the compliance adviser in accordance with the Listing Rules.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, our company secretary must be an individual who by virtue of his or her academic or professional qualifications or relevant experience is, in the opinion of the Stock Exchange, capable of discharging the functions of Company Secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the “relevant experience” of the individual:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) 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;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

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

Our Company has appointed Mr. Song Zhexing (宋哲行) (“**Mr. Song**”), a vice general manager of our Company and secretary of the Board, as one of our joint company secretaries, considering his past working experiences within our Group and his thorough understanding of our internal administration, business operations and corporate culture. As such, although Mr. Song does not possess the specified qualifications strictly required by Rule 3.28 of the Listing Rules, our Directors believe that Mr. Song is capable of discharging the functions of a joint company secretary with the assistance of Ms. Wong, who meets the requirements under Rule 3.28 of the Listing Rules and has been appointed to act as the other joint company secretary and to assist Mr. Song in the compliance matters for the [REDACTED] as well as other Hong Kong regulatory requirements for an initial period of three years from the [REDACTED]. Over such period, we will implement the following measures to assist Mr. Song to satisfy the requisite qualifications as prescribed in Rules 3.28 and 8.17 of the Listing Rules:

- (a) Ms. Wong will assist Mr. Song so as to enable him to discharge his duties and responsibilities as a joint company secretary. Given Ms. Wong’s relevant experiences, she will be able to advise both Mr. Song and us on the relevant requirements of the Listing Rules as well as other applicable laws and regulations of Hong Kong;
- (b) Mr. Song will be assisted by Ms. Wong for an initial period of three years commencing from the [REDACTED], which should be sufficient for him to acquire the requisite knowledge and experience under Rule 3.28 of the Listing Rules;
- (c) we will ensure that Mr. Song has access to the relevant trainings and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer, and Mr. Song has undertaken to attend such trainings;
- (d) Ms. Wong will communicate with Mr. Song on a regular basis regarding matters in relation to corporate governance, the Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to our operations and affairs. Ms. Wong will work closely with, and provide assistance to Mr. Song with a view to discharging his duties and responsibilities as a company secretary, including but not limited to organizing the Board meetings and Shareholders’ meetings; and
- (e) pursuant to Rule 3.29 of the Listing Rules, Mr. Song and Ms. Wong will also attend in each financial year no less than 15 hours of relevant professional training courses to familiarize themselves with the requirements of the Listing Rules and other legal and regulatory requirements of Hong Kong. Both Mr. Song and Ms. Wong will be advised by our legal advisors as to Hong Kong laws and our compliance adviser as and when appropriate and required.

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

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules, for an initial period of three years from the [REDACTED] (the “**Waiver Period**”). Pursuant to paragraph 13 under Chapter 3.10 of the Listing Guide, the waiver is granted on the conditions: (i) our Company appoints Ms. Wong, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary, to assist Mr. Song in discharging his functions as a joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules; and (ii) the waiver will be revoked immediately if Ms. Wong, during the three-year period, ceases to provide assistance to Mr. Song, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we will conduct a further evaluation of the qualification and experience of Mr. Song to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied, and we will demonstrate to and seek the Stock Exchange’s confirmation that Mr. Song, having had the benefit of Ms. Wong’s assistance for three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver wouldn’t be necessary. For more details of Ms. Wong and Mr. Song’s biographies, please see the section headed “Directors and Senior Management”.

[REDACTED]

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

[REDACTED]

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

[REDACTED]

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

[REDACTED]

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

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality

Executive Directors

Mr. Li Liangjun (李良軍)	No. 1–1, Block 36 65 Minhe Road Chenghua District, Chengdu City Sichuan Province, the PRC	Chinese

Mr. Zhu Lusheng (朱路生)	Room 2001, Unit 1 Building 1, No. 7 Tonggui Road Jinjiang District, Chengdu City Sichuan Province, the PRC	Chinese

Ms. Gu Fei (谷菲)	Room 506, Unit 2, Building 3 No. 9 Yufeng 2nd Road Chenghua District, Chengdu City Sichuan Province, the PRC	Chinese

Non-executive Directors

Ms. Qing Chen (卿晨)	Room 1101, No. 19, Lane 238 Huoxiang Road, Pudong New Area Shanghai, the PRC	Chinese

Mr. Huang He (黄河)	G4–702, Midea Huaxi Yard Huatong Road Huaxi District, Guiyang City Guizhou Province, the PRC	Chinese

Mr. Li Xiang (李祥)	Room 14, 5th Floor, Unit 1 Building 19, 71 Jianshe Road Chenghua District, Chengdu City Sichuan Province, the PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Name	Address	Nationality
Independent non-executive Directors		
Ms. Zhi Nan (支楠)	No. 902, Unit 1, Building 6 No. 333 Wandong North 3rd Road Wan'an Street Tianfu New District, Chengdu City Sichuan Province, the PRC	Chinese
Ms. Liang Min (梁敏)	No. 1504, Unit 2, Building 8 99 Dongpo North 3rd Road Qingyang District, Chengdu City Sichuan Province, the PRC	Chinese
Mr. Chan Yik Pun (陳奕斌)	Flat G, 24/F, Tower 25, South Horizons, Hong Kong	Hong Kong

For further details, please see the section headed “Directors and Senior Management” in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	Guotai Junan Capital Limited <i>(A licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO)</i> 26/F-28/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisers to the Company

As to Hong Kong laws:

Jun He Law Offices
Suites 3701–10, 37/F
Jardine House
1 Connaught Place
Central
Hong Kong

As to PRC laws:

JunHe LLP
26/F
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai, PRC

As to International Sanctions law:

Hogan Lovells
11th Floor
One Pacific Place
88 Queensway
Hong Kong

Legal Advisers to the Sole Sponsor and the [REDACTED]

As to Hong Kong laws:

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen’s Road Central
Central
Hong Kong

As to PRC laws:

Zhong Lun Law Firm
23/F, Units 01 & 04 of 31/F
R&F Center, 10 Huaxia Road
Zhujiang New Town,
Tianhe District, Guangzhou
Guangdong, PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

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

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.

Room 2504, Wheelock Square

No. 1717 Nanjing West Road

Jing’an District

Shanghai, PRC

[REDACTED]

CORPORATE INFORMATION

**Registered Office and Head Office
in the PRC** No. 188, Huayue Road, Chenghua District
Chengdu City, Sichuan Province
the PRC

**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

Joint Company Secretaries **Mr. Song Zhexing (宋哲行)**
No. 1, 3rd Floor, Unit 2,
Building 8, 213 Shiling Linglong Road
Longquanyi District, Chengdu City
Sichuan Province, the PRC

Ms. Wong Mei Fung Carrie (黃美鳳)
46/F, Hopewell Centre,
183 Queen’s Road East,
Wan Chai, Hong Kong

Authorized Representatives **Ms. Gu Fei (谷菲)**
Room 506, Unit 2, Building 3
No. 9 Yufeng 2nd Road
Chenghua District, Chengdu City
Sichuan Province, the PRC

Ms. Wong Mei Fung Carrie (黃美鳳)
46/F, Hopewell Centre,
183 Queen’s Road East,
Wan Chai, Hong Kong

Audit Committee Mr. Chan Yik Pun (陳奕斌) (*Chairperson*)
Ms. Liang Min (梁敏)
Ms. Zhi Nan (支楠)

Nomination Committee Ms. Zhi Nan (支楠) (*Chairperson*)
Mr. Zhu Lusheng (朱路生)
Ms. Liang Min (梁敏)

CORPORATE INFORMATION

Remuneration Committee

Ms. Liang Min (梁敏) (*Chairperson*)
Mr. Li Liangjun (李良軍)
Ms. Zhi Nan (支楠)

Strategy Committee

Mr. Zhu Lusheng (朱路生) (*Chairperson*)
Mr. Li Liangjun (李良軍)
Mr. Huang He (黃河)

Compliance Adviser

Zhongtai International Capital Limited
19/F, Li Po Chun Chambers,
189 Des Voeux Road Central,
Hong Kong

[REDACTED]

Principal Bankers

**China Construction Bank Corporation Chengdu
Longtan Sub-branch**
1st Floor,
Guojī Southwest Building, Hangtian Road,
Chenghua District, Chengdu City
Sichuan Province, the PRC

Industrial Bank Chengdu Xinhua Avenue Sub-branch
No. 2 Huaxing Road,
Jinjiang District, Chengdu City
Sichuan Province, the PRC

Company’s Website

<https://crprobot.com/>

(A copy of this document is available on the Company’s website. Except for the information contained in this document, none of the other information contained on the Company’s website forms part of this document)

INDUSTRY OVERVIEW

The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on global and China’s industrial robotics and intelligent industrial robotics industry for the use in this document, which was commissioned by us for a fee of RMB450,000. In compiling and preparing the F&S Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions globally currently discussed will remain stable during the forecast period, (ii) global and China’s government policies on industrial robotics and intelligent industrial robotics industry will remain consistent during the forecast period, (iii) global and China’s on industrial robotics and intelligent industrial robotics industry will be driven by the factors which are stated in the report in the forecast period. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

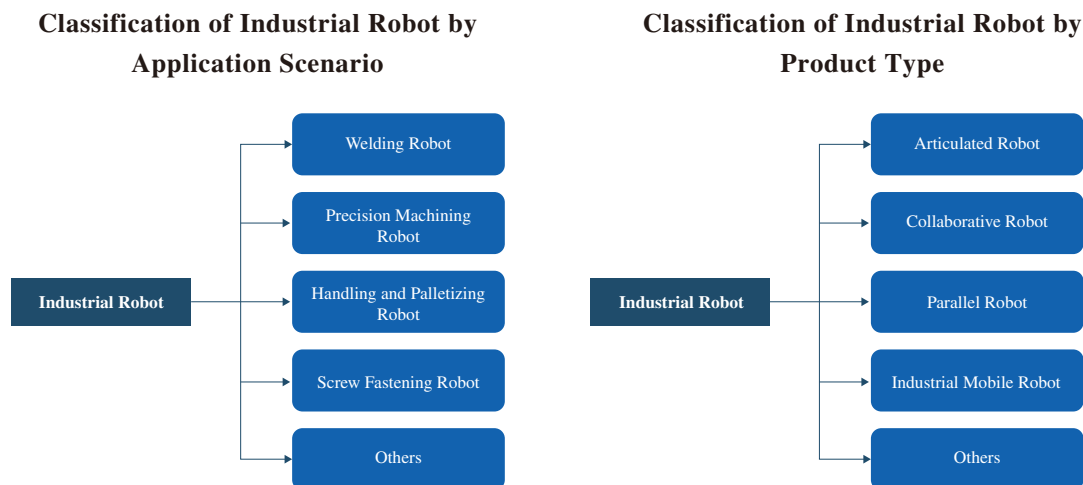
ANALYSIS OF INDUSTRIAL ROBOTICS AND INTELLIGENT INDUSTRIAL ROBOTICS MARKET

Definition and Classification of Industrial Robot

Industrial robots are multi-jointed manipulators or multi-degree-of-freedom machine systems designed for industrial applications. Capable of automated operation through self-contained power and control capabilities, they exhibit programmable and versatile characteristics, performing tasks such as welding, handling, and assembly across three or more axes, and are widely deployed in manufacturing, logistics, and related fields.

INDUSTRY OVERVIEW

Industrial robots can be categorized based on their scenario into welding robots, precision machining robots, handling and palletizing robots, screw fastening robots and others. Based on product type, industrial robots can be categorized into articulated robots, collaborative robots, parallel robots, industrial mobile robots, and others.



Source: Frost & Sullivan

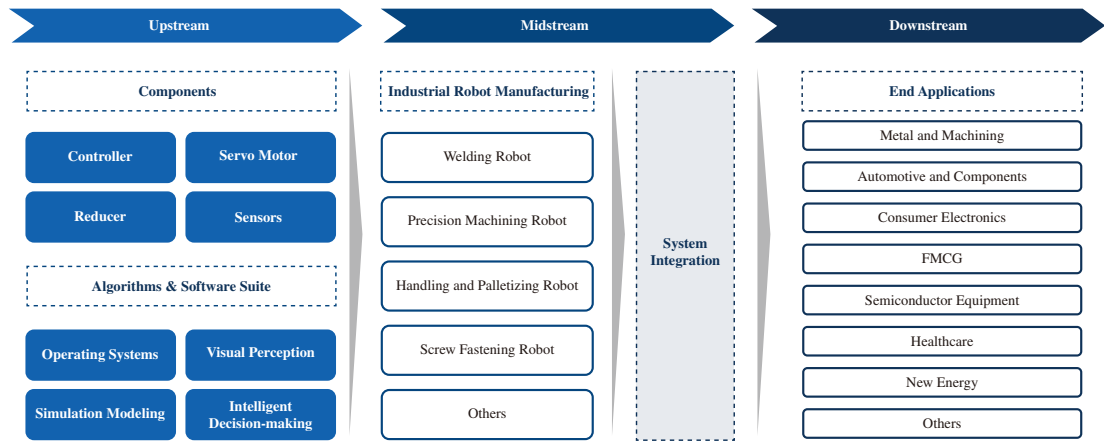
Note: articulated robots include four-axis robots, six-axis robots, etc.

Value Chain of Industrial Robotics Industry

Major participants in the upstream segment of the industrial robotics industry supply core components, including controllers, reducers, servo motors, sensors, etc. Meanwhile, they provide critical algorithms and software suites for operating systems, visual perception, simulation modelling and decision-making, technologically empowering industrial robots. The midstream encompasses robot manufacturing and system integrators, responsible for the assembly of industrial robots such as welding robots, precision machining robots, handling and palletizing robots, screw fastening robots and others, along with integrated automation solutions. System Integration develops application-tailored robotic solutions. These integrated solutions are implemented in downstream end-use sectors, including metal and machining, automotive and components, consumer electronics, fast-moving consumer goods (the “FMCG”), semiconductor equipment, healthcare, new energy and others.

INDUSTRY OVERVIEW

Value Chain of Industrial Robotics Industry

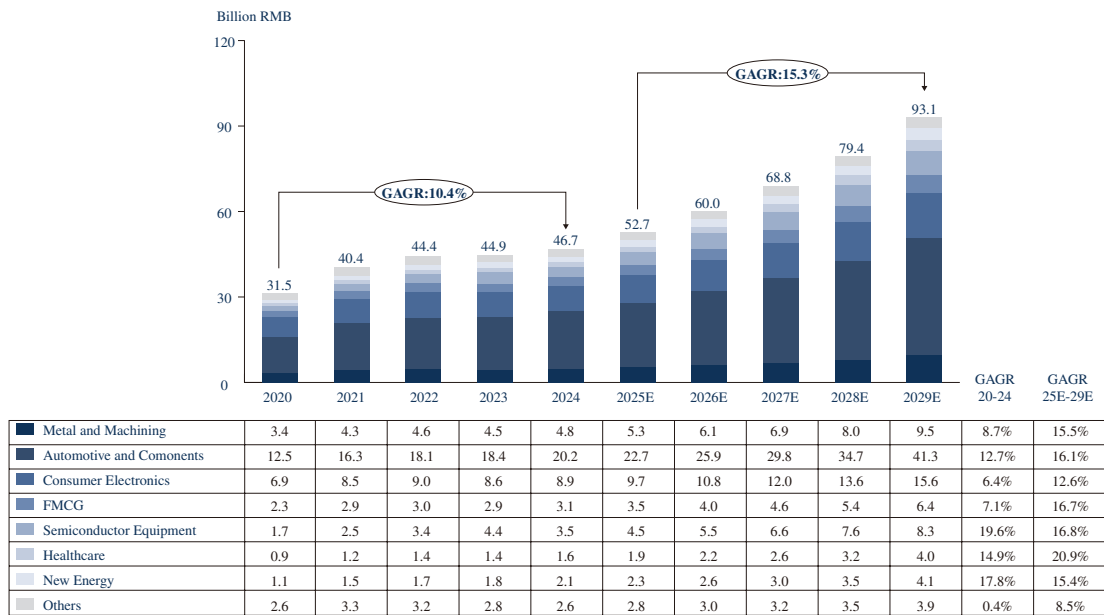


Source: Frost & Sullivan

Market Size of Industrial Robotics Market

China’s industrial robotics market exhibited high growth, expanding from RMB31.5 billion in 2020 to RMB46.7 billion in 2024, achieving a CAGR of 10.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB93.1 billion by 2029 with a CAGR of 15.3% from RMB52.7 billion in 2025.

Market Size of Industrial Robotics Market (revenue breakdown by industry), China, 2020-2029E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

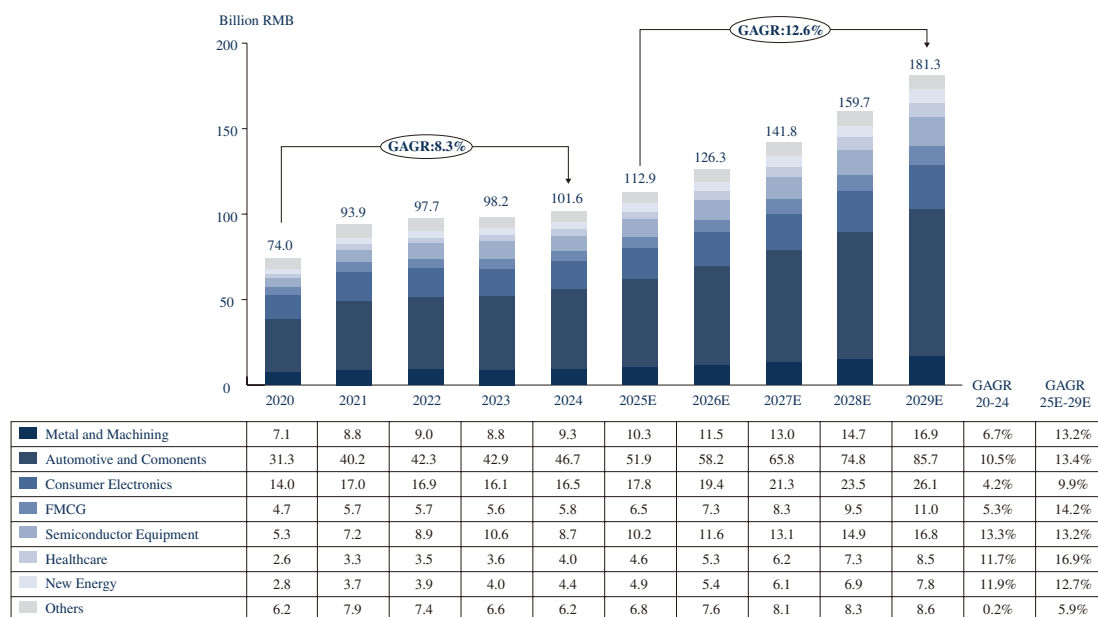
- ***Metal and Machining:*** The metal and machining sector has maintained strong momentum, expanding from RMB3.4 billion in 2020 to RMB4.8 billion in 2024, reflecting a CAGR of 8.7%. Growth is supported by manufacturers seeking to enhance precision and efficiency through robotic welding, cutting, and machining to address rising labor costs and skilled worker shortages. The sector is projected to reach RMB9.5 billion by 2029, with a CAGR of 15.5% from 2025, as industrial upgrades and demand for high-quality manufacturing continue to drive adoption.
- ***Automotive and Components:*** Automotive and components remained the largest sector in industrial robotics market, fueled by China’s leadership in electric vehicle production and automotive assembly automation. Its market size grew from RMB12.5 billion in 2020 to RMB20.2 billion in 2024 with a CAGR of 12.7%, and is projected to reach RMB41.3 billion by 2029 with a CAGR of 16.1%, driven by electric vehicle battery assembly and lightweight component handling.
- ***Consumer Electronics:*** Consumer electronics demonstrated steady growth, with market size expanding from RMB6.9 billion in 2020 to RMB8.9 billion in 2024 with a CAGR of 6.4%, supported by demand for smartphones, wearables, and the development of automated assembly. The sector is forecasted to grow to RMB15.6 billion by 2029 with a CAGR of 12.6%, driven by 5G adoption and miniaturization trends of components.
- ***FMCG:*** FMCG showed robust growth, fueled by the need for standardized production and compliance with stringent food safety regulations. The market size expanded from RMB2.3 billion in 2020 to RMB3.1 billion in 2024 with a CAGR of 7.1%. By 2029, the sector is projected to reach RMB6.4 billion with a CAGR of 16.7% from 2025, driven by automation in snack packaging, dairy processing, and beverage filling lines.
- ***Semiconductor Equipment:*** Semiconductor equipment emerged as a high-growth sector, increasing from RMB1.7 billion in 2020 to RMB3.5 billion in 2024 with a CAGR of 19.6%, supported by domestic semiconductor manufacturing expansion. With the global chip shortage accelerating automation investments, the sector is projected to grow to RMB8.3 billion by 2029 with a CAGR of 16.8% from 2025, underscoring its critical role in semiconductor fabrication.
- ***Healthcare:*** Healthcare sector increased from RMB0.9 billion in 2020 to RMB1.6 billion in 2024 with a CAGR of 14.9%, driven by demand for precision medicine and lab automation. The sector is expected to maintain strong momentum of CAGR 20.9%, reaching RMB4.0 billion by 2029 as hospitals and labs prioritize contactless and precision-driven workflows.
- ***New Energy:*** New energy sector witnessed a high growth, increasing from RMB1.1 billion in 2020 to RMB2.1 billion in 2024 with a CAGR of 17.8%, driven by the booming demand for new energy such as photovoltaics. By 2029, the sector is projected to reach RMB4.1 billion with a CAGR of 15.4% from 2025, driven by automation in photovoltaic production, assembly, and micron-level defect detection.

INDUSTRY OVERVIEW

- Others:** Others sector mainly includes agriculture, warehousing and logistics, etc. Driven by the global labor shortages and rising costs, and the accelerating automation production, the sector is projected to grow from RMB2.8 billion to RMB3.9 billion by 2029 with a CAGR of 8.5%.

Global industrial robotics market exhibited high growth, expanding from RMB74.0 billion in 2020 to RMB101.6 billion in 2024, achieving a CAGR of 8.3% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB181.3 billion by 2029 with a CAGR of 12.6% from RMB112.9 billion in 2025.

Market Size of Industrial Robotics Market (revenue breakdown by industry), Global, 2020-2029E



Source: Frost & Sullivan

Definition and Core Advantages of Intelligent Industrial Robot

Intelligent industrial robots represent a category of advanced equipment specifically designed for industrial applications, utilizing artificial intelligence, machine learning, computer vision, and laser sensors to simulate key human capabilities in advanced perception, dynamic response and adaptation, and autonomous decision-making through deep collaboration between hardware and software.

Industrial robots exhibit core advantages of heightened autonomy, precise and stable performance, intelligent decision optimization, and multi-scenario adaptability, which collectively empower the systems to demonstrate sophisticated intelligent behavior.

- Heightened Autonomy.** Intelligent industrial robots demonstrate heightened autonomy by independently executing complex multi-step workflows without human intervention, which diminishes reliance on manual operations, optimizing manufacturing efficiency and operational resilience.

INDUSTRY OVERVIEW

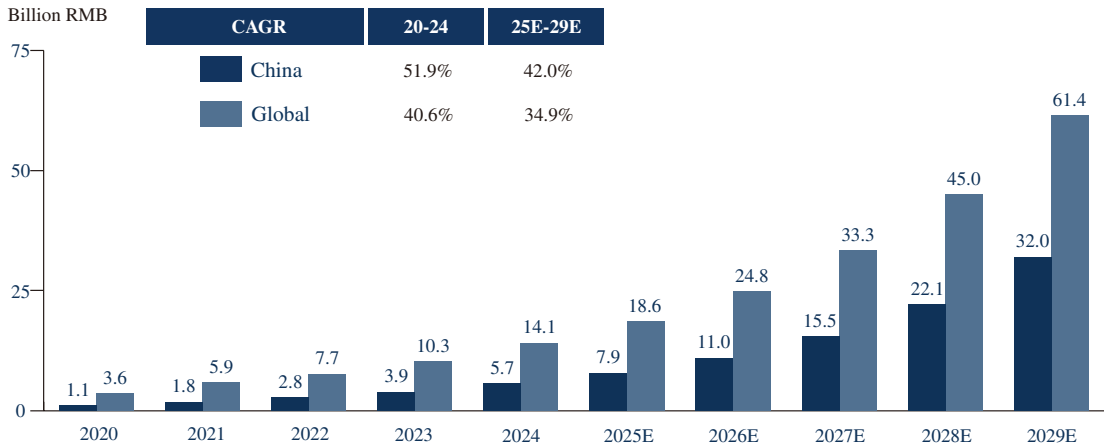
- **Precise and Stable Performance.** Intelligent industrial robots achieve rigorous precision in executing intricate production procedures by leveraging sophisticated sensing arrays and closed-loop control architectures, which ensures strict adherence to defined tolerances, delivering reliable performance for industrial applications.
- **Intelligent Decision Optimization.** Intelligent industrial robots continuously analyze dynamic environmental conditions through integrated sensor networks during operation, autonomously calibrate critical process parameters to maintain peak operational performance, consistently achieving optimized outcomes under variable industrial conditions.
- **Multi-Scenario Adaptability.** Intelligent industrial robots exhibit operational flexibility by enabling rapid adaptation to varied production requirements through the strategic exchange of modular tooling components, complemented by intelligent calibration of technical parameters, which addresses diverse material specifications and geometric configurations ranging from simple assemblies to complex structures.

Market Size of Intelligent Industrial Robotics Market

The global intelligent industrial robotics market grew from RMB3.6 billion in 2020 to RMB14.1 billion in 2024, achieving a CAGR of 40.6% during this period. Fueled by the rapid penetration rate of industrial automation, the continued emergence of new markets, and surging demand in multiple downstream scenarios, the market is projected to maintain strong momentum, reaching RMB61.4 billion by 2029 with a CAGR of 34.9% from 2025 onward.

China’s intelligent industrial robotics market exhibited high growth, expanding from RMB1.1 billion in 2020 to RMB5.7 billion in 2024, achieving a CAGR of 51.9% during this period. As labor shortages and cost pressures continuously compel the enhancement of industrial automation, coupled with technological innovation and synergistic development of industrial chains, China’s intelligent industrial robotics market will continue to grow, reaching RMB32.0 billion by 2029 with a CAGR of 42.0% from RMB7.9 billion in 2025.

Market Size of Intelligent Industrial Robotics Market (by revenue), Global and China, 2020-2029E



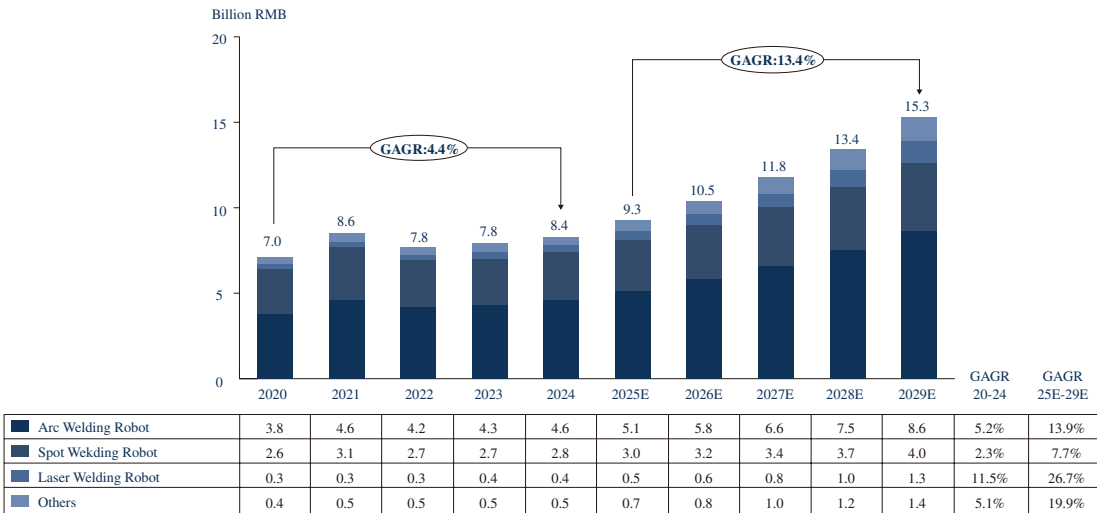
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Market Size of Welding Robot Market

China’s welding robotics market exhibited high growth, expanding from RMB7.0 billion in 2020 to RMB8.4 billion in 2024, achieving a CAGR of 4.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB15.3 billion by 2029 with a CAGR of 13.4% from RMB9.3 billion in 2025.

Market Size of Welding Robot Market (revenue breakdown by product type), China, 2020-2029E



Source: Frost & Sullivan

- Arc Welding Robot:** The sector of arc welding robots has maintained strong momentum, expanding from RMB3.8 billion in 2020 to RMB4.6 billion in 2024, reflecting a CAGR of 5.2%. Growth is supported by manufacturers seeking to enhance precision and efficiency through robotic welding to address rising labor costs and skilled worker shortages. The sector is projected to reach RMB8.6 billion by 2029, with a CAGR of 13.9% from 2025, driven by continuous breakthroughs in core technologies.
- Spot Welding Robot:** The spot welding robots market demonstrated steady growth, with market size expanding from RMB2.6 billion in 2020 to RMB2.8 billion in 2024 with a CAGR of 2.3%, supported by policy and state subsidies from the government. The sector is forecasted to grow to RMB4.0 billion by 2029 with a CAGR of 7.7%, driven by the continuously increasing demand for precision spot welding.
- Laser Welding Robot:** Laser welding robots showed robust growth, as the manufacturing sector continuously upgrades toward high-end domains. The market size expanded from RMB0.3 billion in 2020 to RMB0.4 billion in 2024 with a CAGR of 11.5%. By 2029, the sector is projected to reach RMB1.3 billion with a CAGR of 26.7% from 2025, driven by intelligence of technology and adaptive system upgrading.

INDUSTRY OVERVIEW

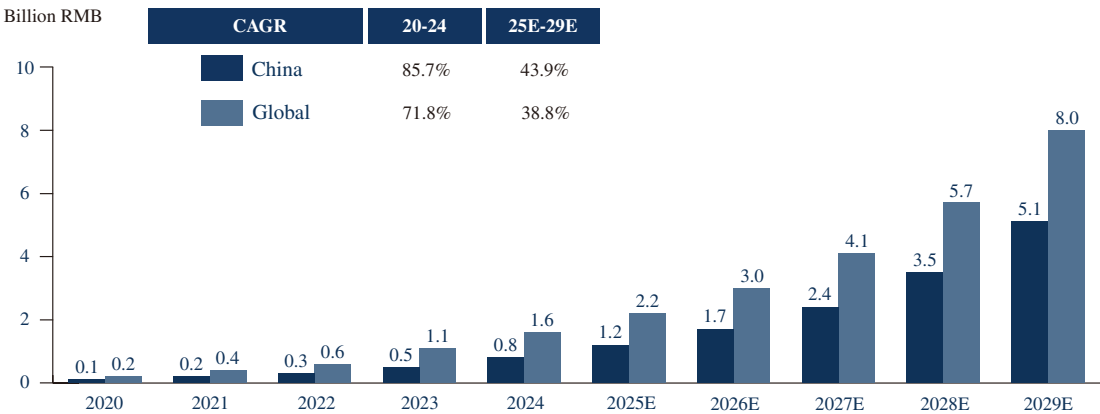
Market Size of Intelligent Welding Robot Market

Intelligent welding robot is a highly automated and intelligent welding equipment, utilizing artificial intelligence, machine learning, computer vision, and laser sensors to simulate key human capabilities in advanced perception, dynamic response and adaptation, and autonomous decision-making through deep collaboration between hardware and software.

The global intelligent welding robot market grew from RMB0.2 billion in 2020 to RMB1.6 billion in 2024, achieving a CAGR of 71.8% during this period. Driven by the demand for high-precision manufacturing and industrial chain convergence, the market is projected to maintain strong momentum, reaching RMB8.0 billion by 2029 with a CAGR of 38.8% from 2025 onward.

China’s intelligent welding robot market exhibited high growth, expanding from RMB0.1 billion in 2020 to RMB0.8 billion in 2024, achieving a CAGR of 85.7% during this period. Breakthroughs in indigenous technologies and policy guidance will support China’s intelligent welding robot market to grow, reaching RMB5.1 billion by 2029 with a CAGR of 43.9% from RMB1.2 billion in 2025.

Market Size of Intelligent Welding Robot Market (by revenue), Global and China, 2020-2029E



Source: Frost & Sullivan

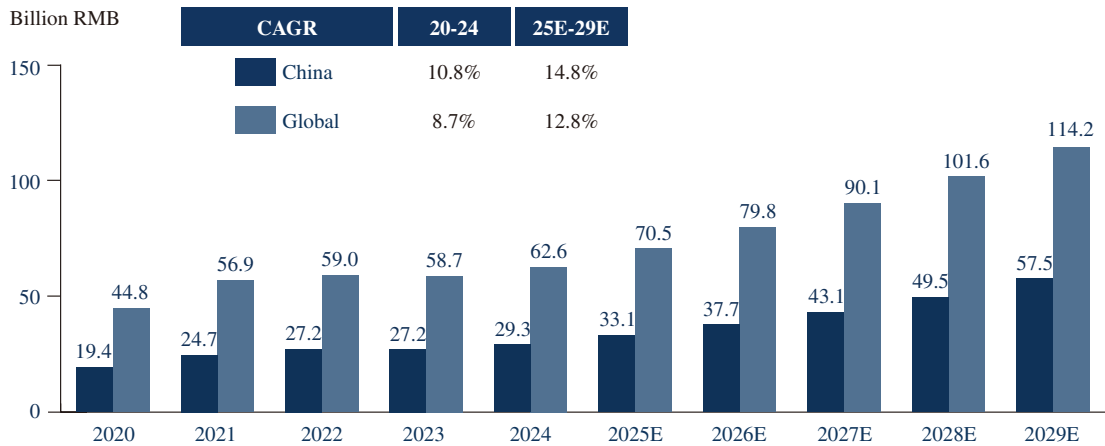
Market Size of Six-axis Robot Market

The global six-axis robot market grew from RMB44.8 billion in 2020 to RMB62.6 billion in 2024, achieving a CAGR of 8.7% during this period. Driven by expanding usage of robotic arms in automotive and electronics manufacturing, rising demand for precision automated assembly, and continuous innovation in motion control, the market is projected to maintain strong momentum, reaching RMB114.2 billion by 2029 with a CAGR of 12.8% from 2025 onward.

INDUSTRY OVERVIEW

China’s six-axis robot market expanded from RMB19.4 billion in 2020 to RMB29.3 billion in 2024, achieving a CAGR of 10.8% during this period. As industrial automation adoption continues to expand, the market is projected to accelerate further, reaching RMB57.5 billion by 2029 with a CAGR of 14.8% from RMB33.1 billion in 2025.

Market Size of Six-axis Robot Market (by revenue), Global and China, 2020-2029E



Note: The market size of six-axis robot does not include collaborative robots.

Source: Frost & Sullivan

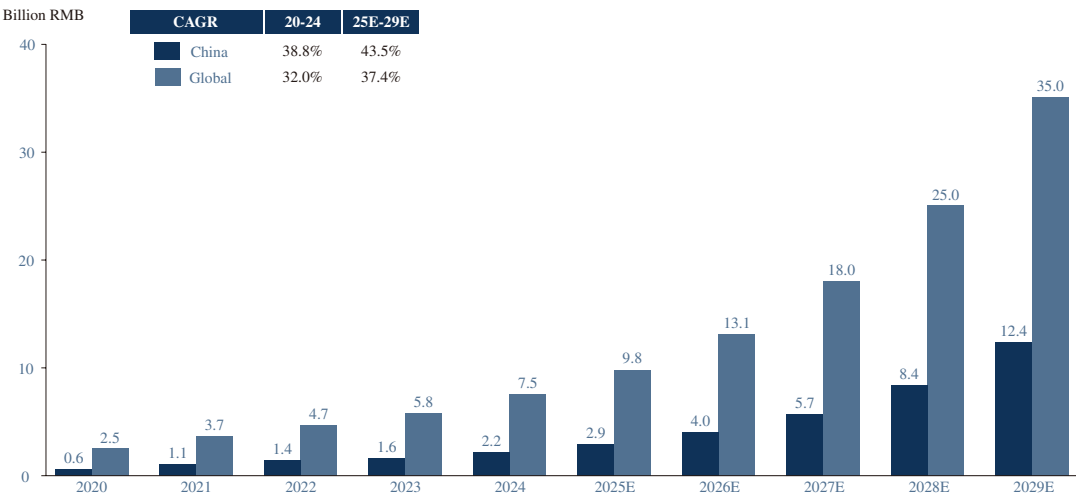
Market Size of Collaborative Robot Market

The global collaborative market grew from RMB2.5 billion in 2020 to RMB7.5 billion in 2024, achieving a CAGR of 32.0% during this period, and is projected to achieve year-over-year growth rate of 30.2% in 2025. Driven by accelerated adoption of AI-integrated collaboratives, breakthroughs in cost-effective modular designs, and surging demand from enterprises seeking flexible automation solutions amid labor shortages and supply chain resilience pressures, the market is projected to maintain strong momentum, reaching RMB35.0 billion by 2029 with a CAGR of 37.4% from 2025 onward.

China’s collaborative market exhibited high growth, expanding from RMB0.6 billion in 2020 to RMB2.2 billion in 2024, achieving a CAGR of 38.8% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB12.4 billion by 2029 with a CAGR of 43.5% from RMB2.9 billion in 2025.

INDUSTRY OVERVIEW

Market Size of Collaborative Robot Market (by revenue), Global and China, 2020-2029E



Source: Frost & Sullivan

Definition and Application Analysis of Embodied Robots

Embodied robots are intelligent physical systems, including both humanoid and non-humanoid forms, equipped with a physical body that enables them to perceive, interact with, and manipulate the environment. They integrate multimodal sensing, autonomous decision-making, and dynamic execution capabilities to perform complex tasks in real-world settings, moving beyond pre-programmed actions to achieve adaptive collaboration with human workflows and machinery.

- **Automated Welding in Automotive Productions:** In automotive manufacturing, integrated embodied robots perform high-precision welding tasks across body-in-white assembly lines. With integrated sensors, force feedback, and AI-based motion planning, they maintain consistent weld quality even on complex geometries. This improves structural integrity, reduces material waste, and enhances workplace safety. Robots can switch between welding types, enabling flexible manufacturing. Their ability to operate continuously with minimal downtime supports just-in-time production, lowering costs and meeting stringent quality standards.
- **Precision Assembly in Electronics Manufacturing:** Embodied robots are deployed in assembling complex electronic components such as smartphones, wearables, and microprocessors. Their combination of dexterous manipulation, advanced vision systems, and adaptive control enables precise handling of delicate parts and consistent quality. This application reduces assembly errors, supports miniaturization trends, and improves production efficiency in high-volume environments. By working alongside human operators, these robots can handle repetitive, high-accuracy tasks while humans manage quality inspection and process optimization, resulting in improved throughput and reduced defect rates in competitive consumer electronics markets.

INDUSTRY OVERVIEW

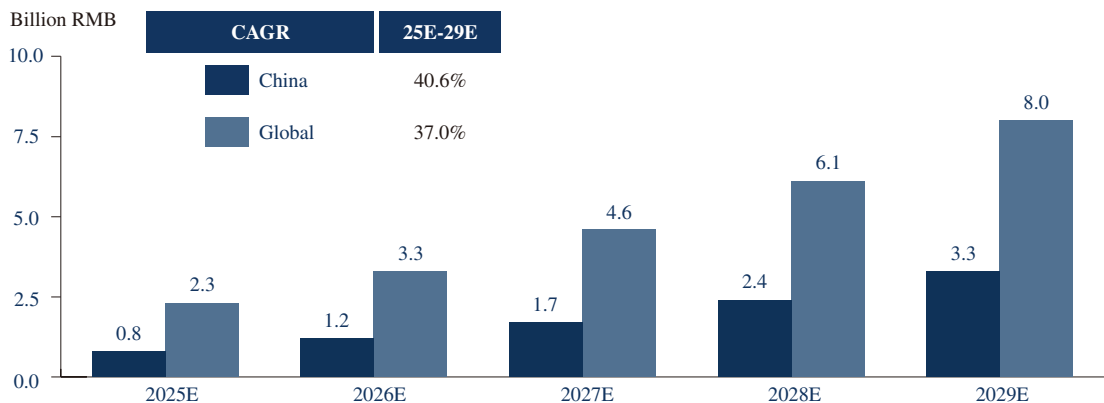
- ***Material Handling in Logistics and Warehousing:*** In logistics operations, embodied robots handle loading, unloading, sorting, and packaging tasks in warehouses and distribution centers. Equipped with autonomous navigation, 3D vision, and adaptive grasping capabilities, they can efficiently process diverse items without manual intervention. This application accelerates order fulfillment, reduces labor costs, and minimizes handling errors. Robots can collaborate with humans in shared spaces, optimizing workflow and improving safety. Their flexibility allows seamless integration into existing warehouse management systems, supporting peak-season scalability and meeting the growing demand for faster, more reliable e-commerce logistics services.
- ***Medical Device Manufacturing and Inspection:*** Integrated embodied robots play a critical role in producing and inspecting high-precision medical devices, including surgical instruments, implants, and diagnostic equipment. Their fine motor control and contamination-free operation meet stringent regulatory and cleanliness standards. Robots perform micro-assembly, laser cutting, and automated visual inspection with repeatable accuracy. By integrating real-time quality monitoring, they ensure product safety and compliance. These robots address labor shortages in specialized manufacturing, enable consistent production quality, and support innovation in minimally invasive surgery and advanced healthcare solutions.
- ***Service Applications:*** In hospitality, retail, and restaurant environments, integrated embodied robots perform tasks such as reception, room service, cleaning, and inventory management. With autonomous navigation, object recognition, and interactive interfaces, they enhance customer experience, reduce labor pressure, and improve operational efficiency. Robots can adapt to dynamic environments and work alongside staff, supporting high-quality service delivery while optimizing workflow and reducing human workload.
- ***Special-Purpose Robotics Applications:*** Integrated embodied robots are deployed in specialized environments such as disaster response, hazardous material handling, and scientific exploration. Equipped with advanced sensing, adaptive control, and ruggedized physical structures, they perform tasks in extreme or dangerous conditions. These robots improve safety, enable operations that are otherwise impossible for humans, and provide reliable, repeatable performance in mission-critical scenarios, supporting efficiency and risk reduction in specialized industries.

Market Size of Embodied Industrial Robot

The development of embodied industrial robots is driven by advances in AI and sensing technologies, growing demand for flexible automation, and the need for enhanced human-machine collaboration in complex production environments. The global revenue of embodied industrial robot is expected to increase from RMB2.3 billion in 2025 to RMB8.0 billion in 2029, representing a CAGR of 37.0%. Meanwhile, from 2025 to 2029, the revenue of embodied industrial robot in China is projected to increase from RMB0.8 billion to RMB3.3 billion, with a CAGR of 40.6%.

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Market Size of Embodied Industrial Robot Market (by revenue), Global and China, 2025E-2029E



Source: Frost & Sullivan

Market Drivers of Industrial Robot Market

- **Rising Automation Demand in Manufacturing:** The global manufacturing sector is accelerating automation adoption to enhance production efficiency, reduce labor costs, and improve product quality. This shift is driving sustained demand for industrial robots across multiple industries. By enabling continuous operation, consistent output, and reduced defect rates, these robots help manufacturers remain competitive in increasingly dynamic and cost-sensitive markets, while also supporting more flexible and scalable production models.
- **Labor Cost and Workforce Structure Changes:** Rising labor costs and shortages of skilled workers in certain countries and regions are prompting enterprises to adopt industrial robots. These systems help alleviate human resource pressures by performing repetitive, hazardous, or high-precision tasks that are difficult to staff. This trend is particularly pronounced in industries where operational continuity and production stability are critical, further reinforcing the role of automation as a long-term strategic solution.
- **Technological Advancements and Application Expansion:** Ongoing advancements in artificial intelligence, machine vision, sensors, and control systems are broadening the application scope of industrial robots. Enhanced perception, decision-making, and motion capabilities allow robots to operate with greater accuracy and efficiency across a wider range of industries and use cases. These innovations are enabling more complex and adaptive automation, supporting higher value-added production processes and accelerating market penetration.
- **Government Policies and Strategic Support:** Governments worldwide are introducing industrial policies, tax incentives, and financial support programs to promote the development and adoption of industrial robots. Such measures aim to accelerate industrial upgrading, strengthen manufacturing competitiveness, and encourage innovation. By lowering investment barriers and fostering a favorable business environment, policy initiatives are contributing to faster industrialization of robotics and deeper market integration.

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Development Trends of Industrial Robot Market

- ***Enhanced Multifunctionality and Flexibility:*** Industrial robots are evolving toward higher versatility and flexibility, enabling rapid adaptation to different production tasks and process requirements. This trend aligns with the growing prevalence of multi-variety, small-batch manufacturing models, where quick reconfiguration and task-switching reduce downtime and improve operational efficiency. Enhanced software control, modular hardware, and adaptive tooling allow a single robot platform to handle multiple applications across varying production environments, helping manufacturers respond faster to changing market demands while maximizing equipment utilization and reducing total ownership costs.
- ***Deepening Cross-Industry Applications:*** The application scope of industrial robots is expanding beyond traditional manufacturing to emerging sectors such as logistics, healthcare, and agriculture. These industries present diverse requirements for automation, precision, and efficiency, driving the adoption of robots with advanced sensing, AI-based control, and domain-specific capabilities. In logistics, robots support order fulfillment and warehouse operations; in healthcare, they assist in device manufacturing and hospital automation; in agriculture, they enhance planting, harvesting, and quality inspection processes. This diversification reduces reliance on a single industry, stabilizes demand, and fosters long-term market growth.
- ***Shift from Specialized to General-Purpose Products:*** Industrial robots are transitioning from highly specialized products to general-purpose platforms with broader functional compatibility. Continuous improvements in functions, interface standards, and adaptability are expected to enable deployment across multiple industries and scenarios without extensive customization. This evolution can reduce replacement and deployment costs for end users, extend product life cycles, and expand the addressable market for suppliers.
- ***Enhanced Safety and Reliability:*** The incorporation of artificial intelligence and data analytics is anticipated to enhance the safety, reliability, and adaptability of industrial robots. Advancements in environmental perception, real-time path planning, and autonomous decision-making improve operational precision while minimizing safety risks. Predictive maintenance and redundant safety mechanisms further support consistent performance and compliance with industry standards, enabling wider adoption in collaborative human-machine work environments.
- ***Globalization of Industry Participants:*** With the acceleration of global economic integration and industrial intelligence, Chinese industrial robot enterprises are expected to expand their international presence. By improving technological competitiveness, aligning with international standards, and enhancing overseas service capabilities, these companies aim to strengthen their position in the global market. Such developments are likely to diversify revenue channels, reduce reliance on domestic demand, and support long-term sustainable growth.

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COMPETITIVE ANALYSIS OF INDUSTRIAL ROBOTICS MARKET

Competitive Landscape of Industrial Robotics Market

In China’s industrial robotics market, overseas companies initially held a first-mover advantage. In recent years, domestic manufacturers have emerged rapidly, demonstrating strong competitiveness in pricing, agile response to customer needs, and localized service capabilities. As a result, the market share of domestic players has steadily increased, and domestic substitution has become a notable trend in the sector.

Ranking of Welding Robot Companies

With the revenue of RMB137 million, we are the largest Chinese welding robot company in terms of related revenue in 2024. The major Chinese welding robot companies in terms of revenue mainly consist of Company A, Company B, Company C, and Company D.

TOP 5 Chinese Welding Robot Companies (by revenue)*, Global, 2024

Rank	Company	Revenue (Million RMB)
1	The Company	137
2	Company A	128
3	Company B	120
4	Company C	108
5	Company D	83

Source: Frost & Sullivan

**Note:* Refer to revenue of welding robots manufactured by Chinese companies, excluding overseas brands.

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Ranking of Metal and Machining Industrial Companies

With the revenue of RMB156 million, we are the third largest Chinese metal and machining industrial robot company in China’s market in terms of related revenue in 2024. The major Chinese metal and machining industrial robot companies in terms of revenue in China’s market mainly consist of Company A, Company B, Company E, and Company C.

TOP 5 Chinese Metal and Machining Industrial Robot Companies (by revenue)*, China, 2024

Rank	Company	Revenue (Million RMB)	Market Share
1	Company A	939	19.7%
2	Company B	733	15.4%
3	The Company	156	3.3%
4	Company E	94	2.0%
5	Company C	62	1.3%
Total		4,774	100%

Source: Frost & Sullivan

*Note: Refer to revenue of metal and machining industrial robots manufactured by Chinese companies, excluding overseas brands.

Entry Barriers of Industrial Robot Market

- Technology Barrier:** The industrial robot market requires advanced expertise in areas such as precision mechanics, motion control, AI algorithms, sensor fusion, and real-time computing. Developing competitive products often demands long R&D cycles, specialized know-how, and integration of multiple complex subsystems, which creates high technical thresholds for new entrants. Additionally, continuous technological iteration in fields such as computer vision, force control, and human-machine interaction increases the need for sustained investment to remain competitive. Companies with mature platforms and proprietary technologies benefit from accumulated data, optimized algorithms, and proven system architectures, making it difficult for new players to match performance, reliability, and cost efficiency in a short timeframe.

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- **Brand Barrier:** Brand reputation plays a significant role in the industrial robot market, particularly in sectors where production uptime, precision, and safety are critical. Established brands often benefit from customer trust built through years of proven performance, consistent quality, and reliable after-sales service. This trust reduces the perceived risk for customers and influences procurement decisions, especially in capital-intensive projects. Furthermore, a strong brand often signals stability and long-term commitment, which is valued in industries with long equipment lifecycles. New entrants without a recognized track record face challenges in convincing customers to switch suppliers, even if they offer competitive specifications or pricing.
- **Talent Barrier:** The development and deployment of industrial robots require a multidisciplinary talent pool covering mechanical engineering, electronics, embedded systems, AI, and industrial process optimization. Skilled professionals in these fields are in high demand and often concentrated in leading companies or research institutions. Recruiting and retaining such talent requires competitive compensation, challenging projects, and an established innovation environment, which can be difficult for new entrants to provide. Moreover, experienced teams bring tacit knowledge, iterative design expertise, and cross-domain integration capabilities that significantly accelerate product maturity. This scarcity of specialized talent increases the difficulty of entering and scaling in the market.
- **Customer Resource Barrier:** Long sales cycles, high switching costs, and the need for deep integration into customers’ production processes create significant customer resource barriers. In many cases, industrial robots are customized for specific applications, requiring close technical collaboration, on-site testing, and iterative adjustments. Established suppliers often have long-term contracts, strategic partnerships, or embedded service teams with key customers, creating strong supplier-client relationships that are difficult for newcomers to disrupt. In addition, industrial buyers tend to prioritize suppliers with proven operational stability, comprehensive service networks, and demonstrated application success in similar industries, making it challenging for new entrants to quickly secure major orders.

REGULATORY OVERVIEW

We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the major PRC regulatory authorities and PRC laws and regulations that we believe are relevant to our business and operations in the PRC.

PRINCIPAL REGULATORY AUTHORITIES

In addition to the supervision and management by authorities that perform general regulation on companies in the PRC, the Company’s operations in the PRC are mainly subject to supervision and management under the following authorities:

MIIT

The Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the “**MIIT**”) was integrated in 2008 from the former Ministry of Information Industry, the Office of Informatization under the State Council (國務院), and other related agencies.

The main responsibilities of the MIIT include, among others, proposing industrial development strategies, formulating industrial sector plans and policies, within the authority prescribed by the State Council, reviewing or approving fixed-asset investment projects in the industrial, telecommunications, and information technology sectors within the scope of national plans and annual programs, formulating national plans for major technological equipment and coordinating related policies, proposing strategies and policies for the development of high-tech industries and industrialization, drafting and promulgating industrial regulations and technical specifications, and guiding the construction of national independent innovation demonstration zones, national high-tech industrial development zones, etc.

NDRC

The main responsibilities of the National Development and Reform Commission (國家發展和改革委員會) (the “**NDRC**”) include, among others, organizing the formulation of a comprehensive industrial policy, regulating and managing fixed-asset investment projects, proposing strategies and policies for the utilization of inbound and outbound investment, and proposing a negative list for foreign investment access.

MOFCOM

The main responsibilities of Ministry of Commerce of the PRC (中華人民共和國商務部) (the “**MOFCOM**”) include, among others, supervising and regulating the foreign investment activities nationwide, formulating foreign investment policies and organizing their implementation, approving the establishment of and changes of foreign-invested enterprises in accordance with applicable laws, promoting industrial restructuring in the distribution sector, guiding reforms in distribution enterprises, developing commercial services and community commerce, formulating administrative measures and specific policies for outbound investment, and authorizing, in accordance with the applicable laws, outbound investment by domestic enterprises.

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PRINCIPAL REGULATORY PROVISIONS

Laws and Regulations on Robotics Industry

The Guiding Opinions on Promoting the Development of the Industrial Robotics Industry (關於推進工業機器人產業發展的指導意見) issued on December 22, 2013 by the MIIT, calls for the development of industrial robot system integration technologies, host design technologies, and key component manufacturing technologies that meet user requirements; breakthroughs in a number of core technologies and critical components; improving the reliability and stability of widely used mainstream products; and promoting large-scale demonstration applications of industrial robots in key areas of industrial manufacturing.

The Made in China 2025 (中國製造2025) was released on May 8, 2015 by the State Council, which includes the “Intelligent Manufacturing Program (智能製造工程)” in the nine key strategic projects. In the area of intelligent manufacturing, it clearly prioritizes breakthroughs in intelligent manufacturing equipment and production lines such as high-end CNC machine tools, industrial robots and additive manufacturing equipment.

On December 21, 2021, the MIIT, the NDRC and other 13 departments jointly issued the 14th Five Year Plan for the Development of China’s Robotics Industry (《“十四五”機器人產業發展規劃》), which seeks to promote breakthroughs in core robot technologies and high-end products. The plan raised that, by 2025, China will become a global hub for robotics innovation, a cluster for high-end manufacturing, and a new frontier for integrated applications. By 2035, China’s robotics industry will reach internationally leading levels in overall strength.

The 14th Five-Year Plan for the Development of Intelligent Manufacturing (《“十四五”智能製造發展規劃》) was issued on December 21, 2021 by the MIIT, the NDRC and other 6 departments. The plan calls for the vigorous development of intelligent manufacturing equipment, strengthening collaborative innovation among industry, academia, and research institutes to address weaknesses and gaps in key areas, with the aim of achieving breakthroughs in critical “bottleneck” components and devices.

On January 18, 2023, the MIIT and other 16 departments jointly issued the Implementation Plan for “Robot+” Application Action (《“機器人+”應用行動實施方案》), which sets a target to double the robot density in manufacturing by 2025 compared to 2020, while significantly enhancing the depth and breadth of applications for service robots and special purpose robots across industries.

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The Implementation Measures for Standardized Condition Management of the Industrial Robotics Industry (工業機器人行業規範條件管理實施辦法) (“**Measures for Standardized Condition Management**”) were issued by the MIIT on July 7, 2017, last amended on July 29, 2024 and became effective on August 1, 2024. According to the Measures for Standardized Condition Management, the MIIT adopts announcement-based management for industrial robot enterprises that meet the Standard Conditions of the Industrial Robotics Industry (工業機器人行業規範條件) (“**Standard Conditions**”). Enterprises within the industrial robotics industry may apply on a voluntary basis. The MIIT reviews the application materials submitted by enterprises, discloses and publishes a list of industrial robot enterprises that meet the Standard Conditions, conducts supervision and inspections of these enterprises, and revises or revokes announcements as necessary.

The Standard Conditions were issued by the MIIT in December 2016, with the latest revised version taking effect on August 1, 2024. The Standard Conditions specifies requirements across several key areas, including basic requirements, technological capabilities and production conditions, quality requirements, personnel competence, sales and after-sales service, safety management, social responsibility, and regulatory compliance.

The Guiding Catalogue for Industrial Structural Adjustment (2024 Edition) (產業結構調整指導目錄(2024年本)) promulgated by the NDRC on December 27, 2023 and became effective on February 1, 2024, encourages the development of industries including robots and integrated systems under the intelligent manufacturing category. It includes, among others, welding robots, painting robots, assembly robots, heavy-duty robots, flexible collaborative robots and other industrial robots and integrated systems.

Laws and Regulations on Production Safety

On June 29, 2002, the SCNPC promulgated the Production Safety Law of the PRC (《中華人民共和國安全生產法》) (the “**Production Safety Law**”), which was recently amended by the SCNPC on June 10, 2021 and became effective on September 1, 2021. According to the Production Safety Law, enterprises that are engaged in production and business activities shall abide by the relevant laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure workplace safety. The safety facilities of a producer or business operator for engineering projects to be built, renovated or expanded shall be designed, constructed, and put into operation and use simultaneously with the principal part of the projects. Investments in safety facilities shall be included in the budgetary estimates for the construction projects. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

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Laws and Regulations on Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993 and recently amended with immediate effect on December 29, 2018, producers shall: (i) be responsible for the quality of the products they produce; (ii) not produce products that have been explicitly eliminated by the state; (iii) not forge the place of origin, forge or falsely use the name and address of another person’s factory; and not forge or fraudulently use quality marks such as certification marks; (iv) not produce or market adulterated products or use fake goods as genuine or sub-standard products as standard; and (v) ensure that the packaging quality of fragile, flammable, explosive, toxic, corrosive, radioactive and other dangerous goods, products that cannot be inverted during storage and transportation and other products with special requirements meets the corresponding requirements, and make warning signs or warning instructions in Chinese, or indicate matters needing attention during storage and transportation. If a defect in the product causes damage to the person or property of others, the victim may claim compensation from the producer of the product or from the seller of the product. Producers or sellers who produce or sell substandard products will be ordered to cease production and sales, the illegally produced or sold products will be confiscated, and a fine will be imposed. If there is any illegal income, the illegal income will also be confiscated. If the circumstances are serious, the business license shall be revoked. If a crime is constituted, criminal responsibility shall be investigated in accordance with law.

According to the Civil Code of the PRC (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and became effective on January 1, 2021, if a defect of a product causes damage to another person, the infringed person may claim compensation against the manufacturer or the seller of the product. If the infringer knows that the product is defective and still produces or sells it, or fails to take effective remedial measures in accordance with the provisions of the Civil Code of the PRC, resulting in the death of another person or serious damage to the health of another person, the infringed person shall be entitled to claim corresponding punitive damages. If a product is defective due to the fault of a third party, such as a transporter or warehouseman, and causes damage to another person, the producer or seller of the product shall have the right to recover compensation from the third party after making compensation to the infringed person.

Laws and Regulations on Intellectual Properties

In terms of international conventions, the PRC has entered into (including but not limited to) the Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識財產權協定》), the Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), the Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協定》) and the Patent Cooperation Treaty (《專利合作條約》).

Patent

Patents in the PRC are mainly protected by the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the Standing Committee of the National People’s Congress (the “SCNPC”) on March 12, 1984, last amended on October 17, 2020 and became effective on June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which were

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promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and became effective on January 20, 2024. The Patent Law of the PRC and its Implementation Rules provide for three types of patents, “invention”, “utility model” and “design.” “Invention” refers to any new technical solution relating to a product, a process or improvement thereof; “utility model” refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; and “design” refers to any new design of the shape, pattern, color or the combination of any two of them, of a product, which creates an aesthetic feeling and is suitable for industrial application. The duration of a patent right for “invention” is 20 years, the duration of a patent right for “utility model” is 10 years, and the duration of a patent right for “design” is 15 years, from the date of application.

Trade Secret

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC in September 1993 and last amended on April 23, 2019, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the Anti-Unfair Competition Law of the PRC, business persons are prohibited from infringing others’ trade secrets by: (1) acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other means; (2) disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the item (1) above; (3) disclosing, using, or allowing another person use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential; (4) abetting a person, or tempting another person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation of the requirements of the right holder for keeping the trade secret confidential. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others’ trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and became effective on November 1, 2019, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided in accordance with applicable laws.

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Copyright

Copyright in the PRC is primarily protected by the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, last amended on November 11, 2020 and became effective on June 1, 2021, and Implementation Regulations of the Copyright Law of PRC (《中華人民共和國著作權法實施條例》), which was promulgated by the State Council on August 2, 2002 and last amended on January 30, 2013. These law and regulation provide provisions on the classification of works and the obtaining and protection of copyright.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the Ministry of Information Industry on August 24, 2017 and came into effect on November 1, 2017, the Ministry of Industry and Information Technology is responsible for supervision and administration of domain name services in the PRC. Communications administrative bureaus at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of “first apply, first register.” A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

Laws and Regulations on Labor and Employee Incentives

General Labor Contracts Rules

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC in July 1994 and last amended and came into effect in December 2018, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC in June 2007 and amended in December 2012 and came into effect in July 2013, and the Implementing Regulations of the Labor Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and came into effect in September 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. In addition, wages shall not be lower than local minimum wages. The employers must establish a system for labor safety and sanitation, strictly comply with national rules and standards, provide education regarding labor safety and sanitation to its employees, provide employees with labor safety and sanitation conditions and necessary protection materials in compliance with national rules, and carry out regular health examinations for employees engaged in work involving occupational hazards.

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Labor, Social Insurance and Housing Provident Funds

According to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC in October 2010 and last amended and came into effect in December 2018, and the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council in January 1999 and last amended in March 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which was promulgated by the State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance and to housing provident funds. Any employer who fails to make the required contributions may be fined and ordered to compensate the deficit within a stipulated time limit.

According to the Interpretation (II) of the Supreme People’s Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)), which was promulgated by the Supreme People’s Court in July 2025 and came into effect in September 2025, the employer and the laborer agree, or the laborer promises the employer, that there is no need to pay social insurance premiums, such agreement or promise shall be determined invalid; where an employer fails to pay social insurance premiums in accordance with the law, and such employee requests to terminate the labor contract and for the employer to pay economic compensation, the people’s court shall support such requests in accordance with the law. In the event an employer, after making up the social insurance contributions in accordance with the law under the circumstances stipulated in the preceding paragraph, requests the employee to return the social insurance compensation already paid, the people’s court shall support such request in accordance with the law.

On July 20, 2018, the General Office of the Communist Party of China and the General Office of the PRC State Council jointly issued the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), under which, starting from January 1, 2019, tax authorities are responsible for the collection of social insurance contributions in China. According to the Notice on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the State Administration of Taxation (the “SAT”) in September 2018 and the Urgent Notice on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Security Contributions (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the General Office of the Ministry of Human Resources and Social Security in September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. The Notice on Implementing Several Measures to Further Support and Serve the Development of Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the SAT in November 2018, repeats that tax authorities at all levels may not organize self-collection of unpaid social insurance contributions of taxpayers including private enterprises in the previous years. The Notice on Issuing the Comprehensive Plan for the Reduction of Social Insurance Premium Rate (《關於印發降低社會保險費率綜合方案的通知》) promulgated by the General Office of the PRC State Council in April

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2019, generally reduces the social insurance contribution burden of enterprises, underlines that the duties for collection of social insurances premium paid by the enterprises in any province shall not be transferred to tax authorities until the condition of the province is mature, and re-emphasizes that local authorities shall not conduct self collection of historical unpaid social insurance contributions from enterprises.

Prevention and Control of Occupational Diseases

The Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), which was promulgated by the SCNPC on October 27, 2001 and latest amended on December 29, 2018 (the “**Prevention and Control of Occupational Diseases Law**”), is the basic law for the prevention and control of occupational diseases. According to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Laws and Regulations on Leasing

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Civil Code of the PRC (《中華人民共和國民法典》), the relevant parties fail to complete property leasing registration and filing formality in accordance with the laws and regulations, the validity of the lease is not affected.

Laws and Regulations on Environmental Protection, Health and Safety

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (“**the Environmental Protection Law**”), which was promulgated by the SCNPC on December 26, 1989 and last amended on April 24, 2014, came into effect on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment is authorized to issue national standards for environmental quality and emissions, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

REGULATORY OVERVIEW

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, an construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit the environmental impact report or the environmental impact statement to the relevant authority at the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction. According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》) (“**the Environmental Impact Appraisal Law**”), which was promulgated by the SCNPC on October 28, 2002, amended on July 2, 2016 and December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the former Ministry of Environmental Protection (now the MEE) on November 20, 2017, regulate the procedures and standards for environmental protection acceptance by construction entities upon the completion of construction projects.

Fire Prevention

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998 and last amended with effect from April 29, 2021, design and construction of the fire control facilities for a construction work shall comply with the national fire control technical standards. The developer, designer, constructors and project supervisor of a construction project shall be responsible for the quality of the design and construction of the fire control facilities for the construction work according to the relevant laws. If the design of fire control of a construction project has not been examined pursuant to the relevant laws or failed to pass the examination, the construction of such project is not allowed. If a completed construction project has not gone through the fire safety inspection or failed to satisfy the requirements of fire safety upon inspection, such project is not allowed to be put to use or business.

REGULATORY OVERVIEW

Management of Waste Discharge

Pursuant to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment of the PRC and became effective on December 20, 2019, the State implements the primary management, simplified management and registration management of pollutant discharge permits based on the pollutant production, emission amount and the extent of environmental impact of the pollutant discharge entities. A pollutant discharge unit under registration management does not need to apply for a pollutant discharge license.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, based on the quantity of pollutants generated and discharged, their impacts on the environment and other factors, categorical administration of pollutant discharge permit system is implemented to regulate pollutant-discharging entities: (1) key administration of pollutant discharge permits shall be implemented for pollutant discharging entities which generate and discharge relatively large quantities of pollutants or have a relatively serious impact on the environment; and (2) administration of pollutant discharge permits shall be simplified for pollutant-discharging entities which generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment. The entities that generate and discharge relatively small quantities of pollutants and have a relatively small impact on the environment shall fill in the waste discharge registration form (排污登記表) and are no longer required to obtain a waste discharge license (排污許可證). Entity that is required to fill in the waste discharge registration form shall report the basic information, waste discharge destination, waste discharge standards implemented, waste prevention and control measures adopted and other information to the national waste discharge license information platform. If the information reported is changed, it shall be changed in the platform within 20 days as of the date when such change occurs.

Laws and Regulations on Foreign Investment

Company Law of the PRC

The Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”) which was promulgated by the Standing Committee of the NPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013, October 26, 2018, December 29, 2023 respectively and the latest revision of which was implemented on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

REGULATORY OVERVIEW

Foreign Investment

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the “**Catalogue**”), amended on October 26, 2022 and effective since January 1, 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》) (the “**Negative List**”), promulgated on September 6, 2024 and effective since November 1, 2024, both of which issued by the NDRC and the MOFCOM. The Catalogue and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: “encouraged”, “restricted”, and “prohibited”. Industries not listed in the Catalogue or the Negative List are generally deemed as falling into a fourth category, “permitted”, unless specifically restricted by other PRC laws and regulations. The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**FIL**”), promulgated by the National People’s Congress (全國人民代表大會) (the “**NPC**”) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (the “**Implementation Regulations for FIL**”), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

On December 30, 2019, the Ministry of Commerce and the SAMR, jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department. On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (i) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (ii) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

REGULATORY OVERVIEW

Laws and Regulations on Foreign Exchange and Taxation

Foreign Exchange

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996 and was amended on January 14, 1997 and August 5, 2008. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

On November 19, 2012, the SAFE issued the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (“**the SAFE Circular 59**”), which came into effect on December 17, 2012 and was revised on May 4, 2015, October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 59 aims to simplify the foreign exchange procedure and promote the facilitation of investment and trade. According to the SAFE Circular 59, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds derived by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, as well multiple capital accounts for the same entity may be opened in different provinces. Later, the SAFE promulgated the Circular on Further Simplifying and Improving Foreign Exchange Administration Policies in Respect of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) on February 13, 2015, which was partially abolished on December 30, 2019 and prescribed that the bank instead of SAFE can directly handle the foreign exchange registration and approval under foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under foreign direct investment through the bank.

On May 10, 2013, the SAFE issued the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (“**the SAFE Circular 21**”), which became effective on May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019. The SAFE Circular 21 specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks must process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

REGULATORY OVERVIEW

According to the Notice of the State Administration of Foreign Exchange 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》) issued by the SAFE on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (“**the SAFE Circular 19**”) promulgated on March 30, 2015, coming effective on June 1, 2015, partially abolished on December 30, 2019 and partially amended on March 23, 2023, foreign-invested enterprises could settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operations. Whilst, foreign-invested enterprises are prohibited to use the foreign exchange capital settled in RMB (a) for any expenditures beyond the business scope of the foreign invested enterprises or forbidden by laws and regulations; (b) for direct or indirect securities investment; (c) to provide entrusted loans (unless permitted in the business scope), repay loans between enterprises (including advances by third parties) or repay RMB bank loans that have been on lent to a third party; and (d) to purchase real estate not for self-use purposes (save for real estate enterprises).

On June 9, 2016, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《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》) (“**the SAFE Circular 16**”), which came into effect on the same day and was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023. The SAFE Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding RMB capital converted from foreign exchange may be used to extend loans to related parties or repay inter-company loans (including advances by third parties). However, there remain substantial uncertainties with respect to SAFE Circular 16’s interpretation and implementation in practice.

REGULATORY OVERVIEW

On October 23, 2019, SAFE promulgated the Notice on Further Facilitating Cross-Board Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which became effective on the same date (except for Article 8.2, which became effective on January 1, 2020) and was partially amended according to Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) promulgated by the SAFE on December 4, 2023. This notice canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. In addition, restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors’ security deposits have been relaxed. Eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

Taxation

Enterprise Income Tax

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 NPC on March 16, 2007, came into effect on January 1, 2008 and amended on February 24, 2017 and December 29, 2018, as well as the Implementation Rules of the EIT Law (《中華人民共和國企業所得稅法實施條例》) (“**the Implementation Rules**”), promulgated by the State Council on December 6, 2007, came into force on January 1, 2008 and amended on April 23, 2019, are the principal law and regulation governing enterprise income tax in the PRC. According to the EIT Law and its Implementation Rules, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises that are legally established in the PRC, or are established under foreign laws but whose actual management bodies are located in the PRC. And non-resident enterprises refer to enterprises that are legally established under foreign laws and have set up institutions or sites in the PRC but with no actual management body in the PRC, or enterprises that have not set up institutions or sites in the PRC but have derived incomes from the PRC. A uniform income tax rate of 25% applies to all resident enterprises and non-resident enterprises that have set up institutions or sites in the PRC to the extent that such incomes are derived from their set-up institutions or sites in the PRC, or such income are obtained outside the PRC but have an actual connection with the set-up institutions or sites. And non-resident enterprises that have not set up institutions or sites in the PRC or have set up institutions or sites but the incomes obtained by the said enterprises have no actual connection with the set-up institutions or sites, shall pay enterprise income tax at the rate of 10% in relation to their income sources from the PRC.

REGULATORY OVERVIEW

Value-Added Tax (the “VAT”)

The major PRC law and regulation governing value-added tax are the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) issued on December 13, 1993 by the State Council, came into effect on January 1, 1994, and revised on November 10, 2008, February 6, 2016 and November 19, 2017, as well as the Implementation Rules for the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》) issued on December 25, 1993 by the Ministry of Finance (中華人民共和國財政部) (the “MOF”), came into effect on the same day and revised on December 15, 2008 and October 28, 2011, any entities and individuals engaged in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC are taxpayers of VAT and shall pay the VAT in accordance with the law and regulation. The rate of VAT for sale of goods is 17% unless otherwise specified, such as the rate of VAT for sale of transportation is 11%. With the VAT reforms in the PRC, the rate of VAT has been changed several times. The MOF and the STA issued the Notice of on Adjusting VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) on April 4, 2018 to adjust the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods to 16% and 10%, respectively, this adjustment became effect on May 1, 2018. Subsequently, the MOF, the STA and the General Administration of Customs jointly issued the Announcement on Relevant Policies for Deepening the VAT Reform (《財政部、國家稅務總局關於深化增值稅改革有關政策的公告》) on March 20, 2019 to make a further adjustment, which came into effect on April 1, 2019. The tax rate of 16% applicable to the VAT taxable sale or import of goods shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%.

On December 25, 2024, the SCNPC promulgated the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》), which will become effective on January 1, 2026, and the Interim Regulations of the PRC on Value-Added Tax will be abolished.

Laws and Regulations on Import and Export of Goods

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on 12 May 1994, which was recently amended with immediate effect on 30 December 2022, and the Notice of the Department of Enterprise Management and Inspection on Matters Related to the Record-filing of Consignors and Consignees of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) published by the General Administration of Customs of the PRC with immediate effect on January 3, 2023, if consignors and consignees of import and export goods apply for record-filing, they shall obtain the market entity qualification and are not required to obtain the record-filing of foreign trade business operators. For technologies that fall under the category of free import and export, the contract record-filing and registration formalities shall be handled with the foreign trade department in charge under the State Council or the institutions entrusted by it.

REGULATORY OVERVIEW

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) enacted by the SCNPC on January 22, 1987, and subsequently amended on April 29, 2021, effective from the same date, the Customs of the PRC is vested with the authority for the supervision and administration of entry and exit points. Under the framework of pertinent laws and administrative regulations, the Customs exercises its jurisdiction over various aspects, including the inspection and regulation of vehicles, goods, luggage, postal articles, and other items entering and departing the country. This mandate encompasses the assessment and collection of customs duties, taxes, and fees, as well as the prevention and detection of smuggling activities, compilation of customs statistics, and execution of related customs procedures.

As delineated in the Regulations of PRC Customs on Administration of Recordation of 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 on November 19, 2021, and implemented from January 1, 2022, the term “customs declaration entities” pertains to consignees and consignors of import and export goods, as well as customs declaration enterprises officially registered with the customs authorities. Entities seeking recordation are required to hold valid market entity qualifications. Specifically, importers and exporters must also possess records as foreign trade operators. The recordation status of customs declaration entities is of a permanent nature, while temporary recordation holds a validity period of one year. Upon expiration, entities are entitled to reapply for recordation.

According to the Export Control Law of the People’s Republic of China (《中華人民共和國出口管制法》) promulgated by the SCNPC on October 17, 2020 and effective as of December 1, 2020, the state implements a licensing system for the export of controlled items. Pursuant to the Regulations of the People’s Republic of China on the Export Control of Dual-Use Items (《中華人民共和國兩用物項出口管制條例》) promulgated by the State Council on September 30, 2024 and effective on December 1, 2024, the export of dual-use items shall obtain a single license, a general license in accordance with the provisions of the Export Control Law and these Regulations, or obtain an export certificate by means of registration and information declaration.

Laws and Regulations on Information Security and Data

Privacy Data Security and Data Export

The SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) on June 10, 2021, which became effective from September 1, 2021, for the establishment of a data classification and grading protection system to conduct classified and hierarchical protection of data. Entities engaged in data processing activities shall, in accordance with laws and regulations, establish a sound full-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

REGULATORY OVERVIEW

On December 28, 2021, the Cyberspace Administration of China (the “CAC”) and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cyber Review Measures**”), which came into effect on February 15, 2022. The Cyber Review Measures stipulate that, among others, (i) when the purchase of network products and services by a critical information infrastructures operator (the “CIIO”) (關鍵信息基礎設施運營者) or the data processing activities conducted by a network platform operator (網絡平台運營者) affect or may affect national security, a cybersecurity review shall be conducted pursuant to the Cyber Review Measures; (ii) an application for cybersecurity review shall be made by an issuer who is a network platform operator holding personal information of more than one million users before such issuer applies to list its securities abroad; and (iii) the relevant PRC governmental authorities may initiate cybersecurity review if such governmental authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

According to the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) issued by the CAC on July 7, 2022 and effective on September 1, 2022, a data processor that provides data overseas under any of the following circumstances shall apply to the national cyberspace administration for the security assessment of the outbound data transfer through local provincial cyberspace administration: (i) a data processor provides important data abroad; (ii) the CIIO or the data processor that has processed the personal information of more than 1 million people provides personal information abroad; (iii) the data processor that has provided the personal information of over 100,000 people or the sensitive personal information of over 10,000 people cumulatively since January 1 of the previous year provides personal information abroad; and (iv) any other circumstance where an application for the security assessment of outbound data transfer is required by the national cyberspace administration.

According to the Measures for Standard Contract for Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) issued by the CAC on February 22, 2023 and effective from June 1, 2023, to provide personal information to an overseas recipient through the conclusion of the standard contract, a personal information processor shall meet all of the following circumstances: (i) it is not a CIIO; (ii) it has processed the personal information of less than one million individuals; (iii) it has cumulatively provided the personal information of less than 100,000 individuals to overseas recipients since January 1 of the previous year; and (iv) it has cumulatively provided the sensitive personal information of less than 10,000 individuals since January 1 of the previous year. In addition, the Measures for Standard Contract for Outbound Transfer of Personal Information require that all Outbound Transfers of personal information that have been carried out before June 1, 2023 and do not comply with the provisions of the Measures for Standard Contract for Outbound Transfer of Personal Information be rectified within 6 months.

According to the Provisions on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》), which was promulgated by the CAC on March 22, 2024 and came into effect on the same day, if the data have not been informed or publicly announced as important data by relevant departments or regions, data handlers are not required to declare security assessment for cross-border provision of the data as important data.

REGULATORY OVERVIEW

Personal Information Protection

According to the Civil Code of the PRC (《中華人民共和國民法典》), personal information of natural persons is protected by law. If any organization or individual needs to obtain other people’s personal information, they should obtain it in accordance with the law, ensure the security of the information, and must not illegally collect, use, process, or transmit other people’s personal information or illegally buy, sell, provide, or disclose the information. The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021 further emphasizes the obligations and responsibilities of processors for the protection of personal information, and requests higher level of protective measures on the processing of sensitive personal information.

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect, and are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified, and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Laws and Regulations on Overseas Securities Offering and Listing by Domestic Companies

Securities Law of the PRC

The Securities Law of the People’s Republic of China (《中華人民共和國證券法》) (the “**Securities Law**”) took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The latest revised Securities Law came into effect on March 1, 2020. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issuance 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. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Currently, the issuance and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

REGULATORY OVERVIEW

Overseas Listing

On February 17, 2023, the CSRC promulgated the Overseas Listing Trial Measures and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improves and reforms the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and regulates both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

The Overseas Listing Trial Measures provide that the overseas securities offering and listing will be considered a direct overseas offering by a PRC domestic company if the issuer is a company limited by shares registered and established in Chinese mainland. In addition, the overseas securities offering and listing will be considered an indirect overseas offering by a PRC domestic company if the issuer meets both of the following criteria: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by a domestic company; and (ii) the main parts of the issuer’s business activities are conducted in Chinese mainland, or its main place(s) of business are located in Chinese mainland, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in Chinese mainland.

Pursuant to the Overseas Listing Trial Measures, an issuer shall file with the CSRC within three business days after its application for initial public offering is submitted to competent overseas securities regulators.

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the Domestic Unlisted Shares of an H-share listed company, including Unlisted Domestic Shares held by domestic shareholders prior to overseas listing, Domestic Unlisted Shares additionally issued after overseas listing, and Domestic Unlisted Shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “**Guidelines for the Full Circulation**”), which was partly revised on August 10, 2023 according to the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

REGULATORY OVERVIEW

According to the Guidelines for the Full Circulation, shareholders of Domestic Unlisted Shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation. To apply for full circulation, an H-share listed company shall file the application with the CSRC according to the administrative filing procedures necessary for the Overseas Listing Trial Measures. After the application for full circulation has been approved by the CSRC, the H-share listed company shall submit a report on the relevant situation to the CSRC within 15 days after the registration with CSDCC of the shares related to the application has been completed.

On December 31, 2019, CSDCC and the Shenzhen Stock Exchange (“SZSE”) jointly announced the Measures for Implementation of H-share Full Circulation Business (《H股“全流通”業務實施細則》) (the “**Measures for Implementation**”). The businesses in relation to the H-share full circulation business, such as cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. are subject to the Measures for Implementation.

On September 20, 2024, the Shenzhen Branch of CSDC issued the Guidelines to the Program for “Full Circulation” of H-shares of Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》), which are applicable to the business preparation, cross-border share transfer registration and overseas centralized custody, the initial maintenance of details of domestic shareholding and the maintenance of its changes, corporate actions, clearing, settlement and risk management measures. On the same day, China Securities Depository and Clearing (Hong Kong) Company Limited issued the H-Share Full Circulation Business Guide of China Securities Depository and Clearing (Hong Kong) Limited (《中國證券登記結算(香港)有限公司H股“全流通”業務指南》), which is applicable to businesses such as share custody and depository, agent service, arrangement for settlement and delivery, and risk management measures.

Confidentiality and Archives Administration

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection and the National Archives Administration jointly released the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “**Archives Administration Provisions**”), which came into effect on March 31, 2023. According to the Archives Administration Provisions, the domestic companies shall establish and implement a solid confidentiality and archives administration system and take necessary measures to fulfill the confidentiality and archives administration obligations, and shall not divulge state secrets or work secrets of state organs, or harm the interests of the state or the public in the overseas securities offering and listing activities of such domestic companies.

REGULATORY OVERVIEW

If a domestic company either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service providers, overseas regulators, and other entities and individuals, any documents and materials that involve state secrets or work secrets of state organs, shall obtain approval from the competent department in accordance with the laws, and file with the competent administrative department of confidentiality.

A domestic enterprise that, either directly or through its overseas listed entity, publicly discloses or provides to relevant securities companies, securities service providers, overseas regulators, and other entities and individuals, other documents and materials whose divulgence will have adverse impact on national security or public interest, shall strictly perform and complete the relevant procedures in accordance with the relevant laws and regulations.

After obtaining the governmental clearance, the domestic company disclosing such information, as one party, and the securities companies and securities services providers receiving such information, as the other party, shall also enter into non-disclosure agreements, setting forth the confidentiality obligations of the securities companies and securities services providers.

In terms of providing accounting archives or copies thereof to any other entities or persons (such as securities companies, securities services providers and overseas regulators), the Archives Administration Provisions stipulate that relevant governmental procedures should be complied with. Any violation of the above regulations may subject the domestic companies to regulatory penalties under the Safeguarding State Secrets Law of the PRC (《中華人民共和國保守國家秘密法》) and the Archives Law of the PRC (《中華人民共和國檔案法》) and even criminal liabilities to the extent applicable.

Sanctions Laws and Regulations

United States

The Office of Foreign Assets Control (“**OFAC**”) is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. “Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity’s domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies’ foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens (“**green card**” holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

REGULATORY OVERVIEW

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to “block” (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest – no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) – except pursuant to an authorization or license from OFAC.

OFAC’s comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People’s Republic (LPR) and Donetsk People’s Republic (DPR) regions and Zaporizhzhia and Kherson regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the “UNSC”) can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees. United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

REGULATORY OVERVIEW

European Union

Under European Union sanction measures, there is no “blanket” ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Target and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Targets.

In recent years, the EU expanded its sanctions designation powers related to Russia’s invasion of Ukraine to reach beyond traditional jurisdictional boundaries. Although not specifically labelled “secondary sanctions” in law, these measures function similarly by enabling the designation of non Russian and non Belarussian persons or entities – even those lacking any EU or UK nexus – if they are deemed to contribute to or benefit from Russia’s actions.

The EU has increasingly designated Mainland Chinese and Hong Kong individuals and companies for allegedly “frustrating” or “supporting” sanctions against Russia, or for materially supporting activities that threaten Ukraine’s territorial integrity, sovereignty, and independence. This reflects a broad interpretation of sanctionable conduct, encompassing indirect or facilitative roles such as supplying goods, financing, or providing services that help sustain Russia’s war effort.

Similarly, EU sanctions against Russia permit the listing of persons or entities, regardless of nationality, who “support or implement” actions undermining Ukraine’s integrity or “materially or financially” back such actions. As a result, these regimes have introduced what market practitioners now commonly refer to as “EU secondary sanctions” or “ancillary listings.”

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an EU member state. EU law including EU sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. EU sanctions measures had also been extended by the United Kingdom on a regime-by-regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Similar to the EU, under the UK’s Russia sanctions regulations, authorities may designate any person they have “reasonable grounds to suspect” of being “involved” in destabilizing Ukraine or supporting the Russian government. The definition of “involvement” explicitly includes providing financial services, funds, economic resources, goods, or technology that could contribute to these outcomes – either directly or through intermediaries. The UK has relied on these provisions to target individuals and entities with no UK connection other than their association with Russian-linked activities.

REGULATORY OVERVIEW

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the “**BIS**”), which includes a list of foreign persons on which certain trade restrictions are imposed, including businesses, research institutions, government and private organizations, individuals and other types of legal persons (the “**Entity List**”). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the “**Commerce Control List**”). The Commerce Control List is primarily based on multilateral export control lists, such as the Wassenaar Arrangement’s List of Dual-Use Goods and Technologies and Munitions List, BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number (“**ECCN**”). Each ECCN is subject to the respective control(s) and licensing requirement applicable for sales to controlled countries and/or entities.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR HISTORY

Overview

We are an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

Milestones

The following sets out a summary of our key development milestones:

Year	Milestones
2012	Our inception
2013	We launched our industrial robot controller product and achieved its commercial application
2014	Our domestically produced industrial robot controllers achieved the highest national sales volume in the Chinese mainland, accounting for 90% of sales in the arc welding field
2018	We launched fully assembled industrial robot
2019	We became the first domestic robot manufacturer to achieve annual sales exceeding 1,000 units in the first year after the marketization of robot units
2023	We achieved comprehensive coverage throughout most of the entire robotics industry chain
	Our overseas market operations have been progressively optimized
2024	We established a subsidiary in Malaysia
	We have established one of the strongest global presences among Chinese peers in our field and are the largest Chinese exporter of welding robots in terms of revenue in 2024

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR MAJOR SUBSIDIARIES

The following table sets out the principal business activities and the date and place of incorporation of each member of our Group that made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Date of incorporation	Place of Incorporation	Shareholding	Principal business activities
Jiangsu CRP Robot Technology Co., Ltd.* (江蘇卡諾普機器人有限公司)	December 8, 2021	PRC	100%	Sales and Service of Industrial Robots

HISTORY AND DEVELOPMENT

A. Incorporation of our Company

Our Company was established on September 6, 2012. Upon establishment, the registered capital of our Company was RMB500,000 and our Company had five Shareholders at the time. Details of the shareholding structure of our Company at the time of our establishment were as follows:

No.	Name of Shareholder	Number of Registered Capital (RMB)	Approximate shareholding
1.	Mr. Li	200,000	40.0%
2.	Mr. Zhu	200,000	40.0%
3.	Ms. Gu	40,000	8.0%
4.	Mr. Zeng	30,000	6.0%
5.	Mr. Deng	30,000	6.0%
Total:		500,000	100.00 %

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

B. Changes in the shareholding structure of our Company

Since the establishment of our Company, it has undertaken a series of equity transfers and [REDACTED] Investment by way of capital injections to, amongst others, raise funds for the development of our business and diversify our Shareholders base. Please see “– [REDACTED] Investment” in this section for details of our principal [REDACTED] Investors and their corresponding investments.

(i) *Equity transfers, capital increase and Series A Investment from April 2017 to December 2017*

Equity transfers in April 2017

In April 2017, our then Shareholders conducted certain equity transfers. The considerations were determined based on arm’s length negotiation taking into account, the status of our Group’s business development at the time. The equity transfers was completed on April 19, 2017. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
1.	Mr. Li	Mr. Xia	34,000	34,000
2.	Mr. Li	Mr. Que Hongyu (闕宏宇)	13,000	1,300,000
3.	Mr. Zhu	Mr. Que Hongyu	2,000	200,000
4.	Mr. Zhu	Mr. Wang Zhibin (王志斌)	30,000	3,000,000
5.	Mr. Zhu	Mr. Liao Xiaolong (廖曉龍)	15,000	1,500,000
6.	Ms. Gu	Mr. Liao Xiaolong	6,000	600,000
7.	Mr. Zeng	Mr. Liao Xiaolong	4,500	450,000
8.	Mr. Deng	Mr. Liao Xiaolong	4,500	450,000
Total:			109,000	7,534,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Setting up of employee shareholding platform, equity transfers and capital increase in December 2017

In December 2017, our Company set up Chengdu CRP Technology Center (Limited Partnership)* (成都卡諾普科技中心(有限合伙)) (now known as Changzhou Hongzhi Investment Partnership (Limited Partnership)* (常州鴻志投資合夥企業(有限合伙))) (“**Changzhou Hongzhi**”), our employee shareholding platform for the purpose of incentivizing and rewarding its core employees. In December 2017, Mr. Li and Mr. Zhu entered into separate equity transfer agreements with Changzhou Hongzhi to transfer our registered capital held by each to Changzhou Hongzhi at nil consideration. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
1.	Mr. Li	Changzhou Hongzhi	8,333	nil
2.	Mr. Zhu	Changzhou Hongzhi	8,333	nil
Total:			16,666	nil

In December 2017, our registered capital further increased from RMB500,000 to RMB555,556, and the additional RMB55,556 registered capital was subscribed by Changzhou Hongzhi.

Series A Investment in December 2017 (“Series A Investment”)

In December 2017, we and our then Shareholders entered into a capital increase agreement with Beta Achieve Limited (越焯有限公司) (“**Beta Achieve**”) (the “**Series A Investor**”). After the completion of the Series A Investment, our registered capital increased from RMB555,556 to RMB653,595.

No.	Name of Series A Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
1.	Beta Achieve	98,039	35,290,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(ii) *Series B Investment, equity transfers and capital increase from August 2018 to December 2020*

Series B Investment in August 2018 (“Series B Investment”)

In August 2018, we and our then Shareholders entered into a capital increase agreement with two investors (“**Series B Investors**”). After the completion of the Series B Investment, our registered capital increased from RMB653,595 to RMB730,473. The respective subscription amount and consideration paid by the Series B Investors were as follows:

No.	Name of Series B Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
1.	Beta Achieve	11,519	8,812,078
2.	Suzhou Zhongxin Emerging Industry Investment Partnership (Limited Partnership)* (蘇州中新興富新興產業投資合夥企業(有限合夥)) (“ Richen Emerging Industry ”)	65,359	50,000,000
Total:		76,878	58,812,078

Equity transfers in August 2018

In August 2018, Richen Emerging Industry entered into respective equity transfer agreement with six then Shareholders, pursuant to which Richen Emerging Industry agreed to acquire an aggregate of RMB10,458 of our registered capital for an aggregate consideration of RMB8,000,000, which was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. The latest settlement date of the transfers was August 31, 2018. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
1.	Mr. Li	Richen Emerging Industry	3,730	2,853,147
2.	Mr. Zhu	Richen Emerging Industry	3,730	2,853,147
3.	Ms. Gu	Richen Emerging Industry	804	615,385
4.	Mr. Zeng	Richen Emerging Industry	658	503,496
5.	Mr. Deng	Richen Emerging Industry	658	503,496
6.	Mr. Xia	Richen Emerging Industry	878	671,329
Total:			10,458	8,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Capital Increase in January 2019

On January 22, 2019, the Board resolved that our registered capital further increased from RMB730,473 to RMB10,000,000. The increased RMB9,269,527 registered capital was subscribed by our then Shareholders. The capital increase was completed in March 2019. The respective subscription amount and consideration paid by the Shareholders were as follows:

No.	Name of Shareholders	Registered capital subscribed for (RMB)	Consideration paid (RMB)
1.	Mr. Li	1,788,063	1,788,063
2.	Mr. Zhu	1,788,063	1,788,063
3.	Mr. Deng	315,158	315,158
4.	Ms. Gu	420,804	420,804
5.	Mr. Zeng	315,158	315,158
6.	Mr. Que Hongyu	190,000	190,000
7.	Mr. Wang Zhibin	381,000	381,000
8.	Mr. Xia	419,880	419,880
9.	Mr. Liao Xiaolong	381,000	381,000
10.	Changzhou Hongzhi	917,778	917,778
11.	Beta Achieve	1,390,440	1,390,440
12.	Richen Emerging Industry	962,183	962,183
Total:		9,269,527	9,269,527

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(iii) Series C Investment and equity transfers from May 2020 to December 2020

Series C Investment in May 2020 (“Series C Investment”)

In January 2020, we and our then Shareholders entered into a capital increase agreement with two investors (“Series C Investors”). After the completion of the Series C Investment, our registered capital increased from RMB10,000,000 to RMB10,675,676. The capital increase was completed in May 2020. The respective subscription amount and consideration paid by the Series C Investors were as follows:

No.	Name of Series C Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
1.	Zhejiang Shuanghuan Driveline Co., Ltd. (浙江雙環傳動機械股份有限公司) (“Shuanghuan Driveline”)	135,135	10,000,000
2.	Zhangjiagang Guohong Jiyuan Investment Partnership (Limited Partnership)* (張家港國弘紀元投資合夥企業(有限合夥)) (“Guohong Jiyuan”)	540,541	40,000,000
Total:		675,676	50,000,000

Equity transfers in December 2020

In December 2020, Ms. Jiang Jie (姜潔) entered into equity transfer agreement with six then Shareholders, pursuant to which Ms. Jiang Jie agreed to acquire an aggregate of RMB160,135 of our registered capital for an aggregate consideration of RMB15,000,000, which was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. The latest settlement date of the transfers was December 11, 2020. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
1.	Mr. Li	Ms. Jiang Jie	56,731	5,314,050
2.	Mr. Zhu	Ms. Jiang Jie	56,731	5,314,050
3.	Ms. Gu	Ms. Jiang Jie	13,352	1,250,688
4.	Mr. Zeng	Ms. Jiang Jie	9,999	936,639
5.	Mr. Deng	Ms. Jiang Jie	9,999	936,639
6.	Mr. Xia	Ms. Jiang Jie	13,323	1,247,934
Total:			160,135	15,000,000

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(iv) *Series D Investment and equity transfers in April 2021*

Series D Investment in April 2021 (“Series D Investment”)

In April 2021, we and our then Shareholders entered into a capital increase agreement with five investors (“**Series D Investors**”). After the completion of the Series D Investment, our registered capital increased from RMB10,675,676 to RMB11,237,554. The respective subscription amount and consideration paid by the Series D Investors were as follows:

No.	Name of Series D Investor	Registered capital subscribed for (RMB)	Consideration paid (RMB)
1.	Taicang Eastern Bell No. 6 Equity Investment Partnership (Limited Partnership)* (太倉市鐘鼎六號股權投資合夥企業(有限合夥)) (“ Eastern Bell Equity ”)	327,876	61,424,938
2.	Wuxi Dianke Haimei Venture Capital Partnership (Limited Partnership)* (無錫電科海美創業投資合夥企業(有限合夥)) (“ Dianke Haimei ”)	78,947	14,790,140
3.	Taicang Eastern Bell No. 6 Qinglan Equity Investment Partnership Enterprise (Limited Partnership)* (太倉市鐘鼎六號青藍股權投資合夥企業(有限合夥)) (“ Eastern Bell Qinglan ”)	71,973	13,483,523
4.	Suzhou Zhongxin Richen Digital Intelligence Venture Capital Partnership (Limited Partnership)* (蘇州中新興富數智創業投資合夥企業(有限合夥)) (“ Richen Digital Intelligence ”)	54,632	10,234,777
5.	Guohong Jiyuan	28,450	5,329,780
Total:		561,878	105,263,158

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Equity transfers in April 2021

In April 2021, our six then Shareholders entered into respective equity transfer agreement with Gongqingcheng Huatuo Zhiying Wuhao Equity Investment Partnership (Limited Partnership)* (共青城華拓至盈伍號股權投資合夥企業(有限合夥)) (“**Huatuo Zhiyin**”), pursuant to which Huatuo Zhiyin agreed to acquire an aggregate of RMB80,068 of our registered capital for an aggregate consideration of RMB15,000,000. The consideration was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. On the same date, Mr. Que Hongyu entered into equity transfer agreement with Xinyu Sunmao Investment Management Partnership (Limited Partnership)* (新餘樺卯投資管理合夥企業(有限合夥)) (“**Xinyu Sunmao**”), pursuant to which Xinyu Sunmao agreed to acquire an aggregate of RMB205,000 of our registered capital for nil consideration due to Mr. Que Hongyu is the ultimate beneficial owner of Xinyu Sunmao. The latest settlement date of the transfers was April 26, 2021. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Registered capital transferred (RMB)	Consideration (RMB)
1.	Mr. Li	Huatuo Zhiyin	28,365	5,314,050
2.	Mr. Zhu	Huatuo Zhiyin	28,365	5,314,050
3.	Ms. Gu	Huatuo Zhiyin	6,684	1,250,688
4.	Mr. Zeng	Huatuo Zhiyin	4,996	936,639
5.	Mr. Deng	Huatuo Zhiyin	4,996	936,639
6.	Mr. Xia	Huatuo Zhiyin	6,662	1,247,934
7.	Mr. Que Hongyu	Xinyu Sunmao	205,000	nil
Total:			285,068	15,000,000

(v) Conversion into joint stock limited liability company in June 2021

In anticipation of the proposed [REDACTED], pursuant to a promoters’ agreement dated June 3, 2025 and Shareholders’ resolutions passed on June 18, 2025 by all our existing Shareholders, on June 30, 2025, our Company was converted from a limited liability company to a joint stock company with limited liability and was renamed Chengdu CRP Robot Technology Co., Ltd.* (成都卡諾普機器人技術股份有限公司). Upon completion of the conversion, the total issued share capital of our Company was 45,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all our existing Shareholders in proportion to their respective interests in Chengdu CRP Automation Control Technology Co., Ltd.* (成都卡諾普自動化控制技術有限公司) before the conversion.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(vi) Equity transfers from September 2024 to November 2025

In September 2024, Changzhou Hongzhi entered into equity transfer agreement with Hangzhou TTGG Zhixin Venture Capital Partnership (Limited Partnership)* (杭州天堂硅谷智新創業投資合夥企業(有限合夥)) (“**TTGG**”), pursuant to which Changzhou Hongzhi transferred 450,000 Shares to TTGG for an aggregate consideration of RMB15,000,000, which was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. The transfer was settled on September 29, 2024. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Shares	Consideration (RMB)
1.	Changzhou Hongzhi	TTGG	450,000	15,000,000

In October 2025, Xinyu Sunmao entered into equity transfer agreement with Chengdu Chenghua Industrial Revitalization Equity Investment Fund Partnership (Limited Partnership)* (成都成華產業振興股權投資基金合夥企業(有限合夥)) (“**Chengdu Chenghua**”), Shanghai Zhangke Yaokun Venture Capital Partnership (Limited Partnership)* (上海張科垚坤創業投資合夥企業(有限合夥)) (“**Zhangke Yaokun**”), Chengdu Jincheng Music Technology Industrial Equity Investment Partnership (Limited Partnership)* (成都錦成音樂科技產業股權投資合夥企業(有限合夥)) (“**Jincheng Music Technology**”), pursuant to which Xinyu Sunmao transferred 820,908 Shares to an aggregate consideration of RMB24,627,240, which was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. The latest settlement date of the transfers was October 16, 2025. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Shares	Consideration (RMB)
1.	Xinyu Sunmao	Chengdu Chenghua	273,636	8,209,080
2.	Xinyu Sunmao	Zhangke Yaokun	273,636	8,209,080
3.	Xinyu Sunmao	Jincheng Music Technology	273,636	8,209,080
Total			820,908	24,627,240

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In October 2025, Ms. Jiang Jie entered into an equity transfer agreement with Yangzhou Qixin Chuangli No. 3 Equity Investment Partnership Enterprise (Limited Partnership)* (揚州齊芯創力三號股權投資合夥企業(有限合夥)) (“**Yangzhou Qixin**”), pursuant to which Yangzhou Qixin agreed to acquire an aggregate of 641,249 Shares for an aggregate consideration of RMB19,949,256, which was determined based on arm’s length negotiation taking into account of the timing of the investment and the status of our Group’s business development at the time. The transfer was settled on November 6, 2025. Details of the equity transfer are as follows:

No.	Transferor	Transferee	Shares	Consideration (RMB)
1.	Ms. Jiang Jie	Yangzhou Qixin	641,249	19,949,256

(vii) [REDACTED] *approved in November 2025 to be effective immediately prior to the* [REDACTED]

On November 7, 2025, our Shareholders resolved to approve the [REDACTED] where our Shares will be split on a [REDACTED] basis immediately prior to the [REDACTED]. Immediately after the [REDACTED], the registered share capital of our Company in the amount of RMB[REDACTED] will be divided into [REDACTED] Shares with a nominal value of RMB[REDACTED] per Share.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following table sets out the shareholding structure of our Company as at the Latest Practicable Date and upon [REDACTED] (assuming (i) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the completion of the [REDACTED]; and (ii) [REDACTED] is completed and [REDACTED] is not exercised):

No.	Name of Shareholder	Number of Shares held as at the Latest Practicable Date	Number of Shares held upon [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised)	Approximate shareholding upon [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised)
1.	Mr. Li	7,383,784	[REDACTED]	[REDACTED]%
2.	Mr. Zhu	7,383,784	[REDACTED]	[REDACTED]%
3.	Beta Achieve	6,006,645	[REDACTED]	[REDACTED]%
4.	Richen Emerging Industry	4,156,598	[REDACTED]	[REDACTED]%
5.	Changzhou Hongzhi	3,514,386	[REDACTED]	[REDACTED]%
6.	Guohong Ji yuan	2,278,485	[REDACTED]	[REDACTED]%
7.	Ms. Gu	1,737,779	[REDACTED]	[REDACTED]%
8.	Mr. Xia	1,733,978	[REDACTED]	[REDACTED]%
9.	Mr. Liao Xiaolong	1,645,821	[REDACTED]	[REDACTED]%
10.	Mr. Wang Zhibin	1,645,821	[REDACTED]	[REDACTED]%
11.	Eastern Bell Equity	1,312,957	[REDACTED]	[REDACTED]%
12.	Mr. Zeng	1,301,460	[REDACTED]	[REDACTED]%
13.	Mr. Deng	1,301,460	[REDACTED]	[REDACTED]%
14.	Yangzhou Qixin	641,249	[REDACTED]	[REDACTED]%
15.	Shuanghuan Driveline	541,139	[REDACTED]	[REDACTED]%
16.	TTGG	450,000	[REDACTED]	[REDACTED]%
17.	Huatuo Zhiyin	320,627	[REDACTED]	[REDACTED]%
18.	Dianke Haimei	316,138	[REDACTED]	[REDACTED]%
19.	Eastern Bell Qinglan	288,211	[REDACTED]	[REDACTED]%
20.	Chengdu Chenghua	273,636	[REDACTED]	[REDACTED]%
21.	Zhangke Yaokun	273,636	[REDACTED]	[REDACTED]%
22.	Jincheng Music Technology	273,636	[REDACTED]	[REDACTED]%
23.	Richen Digital Intelligence	218,770	[REDACTED]	[REDACTED]%
Total:		<u>45,000,000</u>	<u>[REDACTED]</u>	<u>[REDACTED]%</u>

Our PRC Legal Advisers have confirmed that the abovementioned Share transfers, capital increase, capital reduction and joint stock conversion have been properly and legally completed and settled and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations in all material respects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CONCERT PARTY AGREEMENT

Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng share a mutual understanding on the Group’s business development. Since becoming our Shareholders, they have been acting in concert to exercise control over the Company and to make decisions relating to its business development. To consummate this mutual understanding, they entered into the Concert Party Agreement in June 2021, pursuant to which each of them confirmed and acknowledged that since becoming our Shareholders (i) they had acted and would continue to act in concert for matters relating to business development of our Company that require to be approved at the meetings of the Board and/or the Shareholders pursuant to applicable laws, regulations and the constitutional documents of our Company; (ii) they would discuss and reach consensus with each other before proposing to and voting at the meetings of the Board and/or the Shareholders; and (iii) in the event that they are unable to reach consensus, the final decisions of Mr. Li and Mr. Zhu shall prevail. In the event that a mutual agreement cannot be reached between Mr. Li and Mr. Zhu, the decisions of Mr. Li shall prevail.

EMPLOYEE SHAREHOLDING PLATFORM

As at the Latest Practicable Date, we had established Changzhou Hongzhi as our Company’s employee shareholding platform, which was a registered Shareholder of our Company. As at the Latest Practicable Date, Changzhou Hongzhi was owned as to (i) approximately 1.13% by Mr. Li as the executive general partner; (ii) approximately 73.21% by Mr. Zhu, the executive Director, as a limited partner; (iii) approximately 2.64% by Mr. Li Xiang (李祥), the non-executive Director, as a limited partner; (iv) approximately 7.65% by Ms. Song Qiong Lian (宋瓊蓮), the chief financial officer and one of the senior management of our Company, as limited partner; (v) approximately 2.04% by Mr. Song Zhexing (宋哲行), a joint company secretary of our Company, as limited partner; (vi) approximately 2.04% by each of Mr. Xu Chunke (徐純科), Mr. Chen Hui (陳輝) and Mr. Long Yan (龍燕), our core R&D members, as limited partners; (vii) approximately 0.76% by Mr. Yang Jinqiao (楊金橋), one of our core R&D members, as a limited partner; approximately 6.46% by 10 other individuals, as the other limited partners and none of the 10 individuals holds more than 10% of the equity interest in Changzhou Hongzhi. The 10 other individuals are all current employees of our Company and hold positions of team leaders, directors and associate director of departments, engineers, manager and deputy manager of departments of the Company or its subsidiaries.

On November 7, 2025, Changzhou Hongzhi adopted a share subscription rights scheme, pursuant to which eligible participants shall have the right to subscribe for up to approximately 31.61% of the equity interests in Changzhou Hongzhi held by Mr. Zhu at nil consideration when certain criteria are fulfilled. The vesting of the share subscription rights will only take place after the [REDACTED] and it will not increase the number of Shares of the Company and no further share [REDACTED] right will be granted after the [REDACTED].

PUBLIC FLOAT

Apart from [REDACTED] H Shares (assuming that the [REDACTED] is completed) to be converted from (a) Domestic Unlisted Shares held by the Controlling Shareholders, namely Mr. Li, Mr. Zhu, Ms. Gu, Mr. Zeng, Mr. Deng, Mr. Xia and Changzhou Hongzhi, and (b) Domestic Unlisted

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shares held by Beta Achieve Limited, a substantial shareholder of our Company, all the H Shares will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon completion of the [REDACTED] and conversion of the Domestic Unlisted Shares into H Shares.

Immediately upon completion of the [REDACTED], assuming (i) the [REDACTED] is completed and the [REDACTED] is not exercised; (ii) [REDACTED] H Shares to be converted from Domestic Unlisted Shares; and (iii) [REDACTED] H Shares to be issued to public Shareholders under the [REDACTED], the Company’s total issued Shares is [REDACTED] Shares, among which [REDACTED] Shares, representing approximately [REDACTED]% of the total [REDACTED] Shares, will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules, which is higher than the prescribed percentage of H Shares required to be held in public hands of [REDACTED]% under Rule 8.08(1) of the Listing Rules (on the basis of the [REDACTED] HK\$[REDACTED] per H Share).

FREE FLOAT

Under Rule 19A.13C of the Listing Rules, a PRC issuer with no other [REDACTED] shares at the time of [REDACTED] must ensure that a portion of the total number of its issued shares [REDACTED] on the Stock Exchange (namely H shares) that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of [REDACTED] (i) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED], with an expected market value at the time of [REDACTED] of not less than HK\$[REDACTED]; or (ii) have an expected market value at the time of [REDACTED] of not less than HK\$[REDACTED].

Based on the minimum [REDACTED] of HK\$[REDACTED] per H Share, the Company will satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

PREVIOUS [REDACTED] ATTEMPT

Our Company previously considered the possibility of seeking an [REDACTED] on the STAR Market of the Shanghai Stock Exchange in the PRC (“**STAR Market [REDACTED] Attempt**”). In December 2021, our Company engaged China International Capital Corporation Limited (中國國際金融股份有限公司) (the “**Tutoring Company**”) to provide guidance and preliminary compliance advice in regards to the requirements of the CSRC. Due to market conditions and our strategic considerations, we adjusted our [REDACTED] plan and terminated our engagement with Tutoring Company in October 13, 2025 and that such termination were filed to the CSRC Sichuan Regulatory Bureau (中國證券監督管理委員會四川監管局) and thus, our Company has voluntarily decided not to make formal [REDACTED] to any stock exchange in the PRC.

Our Directors are of the view that there is no material issue regarding the STAR Market [REDACTED] Attempt that should be brought to the attention of the Stock Exchange or would affect our suitability for the [REDACTED], and there was no disagreement with other professional parties in the STAR Market [REDACTED] Attempt.

Based on the Sole Sponsor’s due diligence work, the Sole Sponsor is not aware of matter to be brought to the attention of the Stock Exchange regarding the STAR Market [REDACTED] Attempt.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

[REDACTED] INVESTMENTS

Our [REDACTED] Investments consist of several rounds of investments from the [REDACTED] Investors by way of transfer of equity interests and/or [REDACTED] of our additional registered share capital.

The table below summarizes the principal terms of the [REDACTED] Investments:

	Series A Investment	Series B Investment	Series C Investment	Series D Investment
Date of agreement	December 20, 2017	August 2018	January 15, 2020	April 23, 2021
Name of investors	Beta Achieve	Beta Achieve and Richen Emerging Industry	Shuanghuan Driveline and Guohong Jiyuan	Eastern Bell Equity, Dianke Haimei, Eastern Bell Qinglan, Richen Digital Intelligence and Guohong Jiyuan
Latest settlement date	April 13, 2018	December 20, 2018	March 16, 2020	April 27, 2021
Registered capital subscribed (RMB)	98,039	76,878	675,676	561,878
Total consideration paid (RMB)	35,290,000	58,812,078	50,000,000	105,263,158
Approximate cost per Share (RMB) ⁽¹⁾	0.81	1.72	0.17	0.42
Discount to the [REDACTED] ⁽²⁾	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Pre-money valuation of our Company (RMB) ⁽⁴⁾	200.00 million	500.00 million	740.00 million	2,000.00 million
Post-money valuation of our Company (RMB) ⁽⁴⁾	235.29 million	558.81 million	790.00 million	2,105.26 million
Basis of consideration	The consideration of [REDACTED] Investments was determined based on arm’s length negotiations between our Company and the [REDACTED] Investors with reference to our Company’s business development stage, financial performance and the timing of the investments and the prospects of our business.			
[REDACTED] from the [REDACTED] Investments	We utilized most of the [REDACTED] from the [REDACTED] Investments for the development and operation of our principal business and other general working capital purposes. As of the Latest Practicable Date, we had utilized approximately 80% [REDACTED] from the [REDACTED] Investments.			

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	Series A Investment	Series B Investment	Series C Investment	Series D Investment
Strategic benefits to our Company	Our Directors are of the view that our Group could benefit from the additional capital provided by the [REDACTED] Investors and their knowledge and experience. Moreover, the investments by the [REDACTED] Investors demonstrated their confidence in the business operations of our Group and served as an endorsement of our performance and prospects.			
Special rights	Pursuant to the Shareholders’ agreement and the amendments thereto from time to time and the capital increase agreements, the [REDACTED] Investors were entitled to certain special rights, such as directors nomination rights, repurchase rights, information rights, liquidation preferences, dividend right, anti-dilution and co-sale rights. Pursuant to a termination agreement entered into between our Company and the [REDACTED] Investors on April 28, 2021, all special rights granted to the [REDACTED] Investors have been terminated.			
Lock-up period	Pursuant to the applicable PRC laws, each of the existing Shareholders of the Company (including the [REDACTED] Investors) are subject to a lock-up period of 12 months following the [REDACTED].			

Notes:

- (1) The calculation is based on the total number of [REDACTED] Shares with a nominal value of RMB[REDACTED] each in issue immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised).
- (2) The discount percentages are based on (i) an [REDACTED] of HK\$[REDACTED], being the mid-point of the indicative range of the [REDACTED]; and (ii) the exchange rate of HKD1 to RMB0.9120 as set out in the section headed “Information about this document and the [REDACTED]”.
- (3) Apart from the newly issued capital of our Company subscribed for by the investors, there have been equity transfers carried out between our existing Shareholders. For details, please see “– Equity transfers in April 2017”, “– Equity transfers in August 2018”, “– Equity transfers in December 2020”, “– Equity transfers in April 2021” and “– Equity transfers from September 2024 to October 2025” in this section. Such consideration is excluded from the total consideration paid set out in the above table.
- (4) The post-money valuation is calculated by dividing the total consideration of equity subscriptions under the relevant round of the [REDACTED] investment by the percentage of the new subscribed equity interest in the total registered capital of our Company at the relevant time. The pre-money valuation is calculated by excluding the total consideration of equity subscriptions from the post-money valuation under the relevant round of the [REDACTED] investment. The valuation of our Company has been increasing along with our rapid business development.
- (5) The increase in valuation from Series A Investment to Series B Investment was mainly due to significant progress in the development of fully assembled industrial robot which marks the Company’s strategic transformation from a core component supplier to a high-end intelligent equipment manufacturer. The increase in valuation from Series B Investment to Series C Investment was mainly due to the positive market response to our fully assembled industrial robot in the first year of the Company’s commercialization of fully assembled industrial robot, which provided investors with the strongest confidence assurance. The increase in valuation from Series C Investment to Series D Investment was mainly due to that the sales and market share of welding industrial robots of the Company continue to increase rapidly.

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Information about our key [REDACTED] Investors

Set out below is a description of our Sophisticated Independent Investors (as defined in Chapter 2.5 of the Listing Guide). We have two Pathfinder SII, both of which (i) respectively held more than 3% ; and (ii) in aggregate held more than 10% of the total issued Shares of the Company as at the Latest Practicable Date. Including the Pathfinder SII, we have a total of four Sophisticated Independent Investors, who will in aggregate hold more than 15% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised). Save for being a Shareholder of our Company and as disclosed otherwise, each of our Sophisticated Independent Investors is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective associates (within the meaning of the Listing Rules). Save as disclosed below, each of the [REDACTED] Investors is independent from each other. Each of the ultimate beneficial owners of the [REDACTED] Investors is an Independent Third Party.

Our Pathfinder SII

Northern Light SII (being Beta Achieve):

Beta Achieve is a limited liability company established in the Hong Kong and owned by Northern Light Venture Fund V, L.P. Northern Light Strategic Fund V, L.P. and Northern Light Partners Fund V, L.P. The three limited partnerships are exempted limited partnerships established in the Cayman Islands and are ultimately managed by Northern Light Venture Capital V, Ltd. (“Northern Light Venture Capital”) as the general partner. Northern Light Venture Fund V, L.P. has 23 limited partners, Northern Light Strategic Fund V, L.P. has four limited partners, and Northern Light Partners Fund V, L.P. has nine limited partners. No limited partner holds 30% or more of the interests. The limited partners of the three limited partnerships primarily consist of institutional investors, such as endowments & foundations.

Northern Light Venture Capital was founded by Mr. Deng Feng in 2005 and is a venture capital firm focusing on early-stage technology innovation companies. Since 2005, Northern Light Venture Capital has invested in over 400 companies. Its investment portfolio includes multiple listed companies. We were introduced to the partners of Northern Light Venture Capital through an introduction by industry peers. As at the Latest Practicable Date, the Beta Achieve held approximately 13.35% of the total issued shares of the Company.

The AUM of Northern Light Venture Capital was approximately HK\$21.56 billion as of September 30, 2017⁽¹⁾, and approximately HK\$28.01 billion as of June 30, 2025, respectively. Beta Achieve is a subsidiary of Northern Light Venture Fund V, L.P., Northern Light Strategic Fund V, L.P. and Northern Light Partners Fund V, L.P., the general partner of which is Northern Light Venture Capital. As the AUM of Northern Light Venture Capital meets the threshold set out in Chapter 2.5 of the Listing Guide, and the investment decisions of Beta Achieve are ultimately managed and controlled by Northern Light Venture Capital, Beta Achieve qualifies as a Sophisticated Independent Investor. In compliance with Rule 18C.05 of the Listing Rules, the Northern Light SII held approximately 13.35% and 13.35% of the total issued share capital of the Company, as at November 17, 2025 (being the date of submission of the Company’s first [REDACTED]) and November 17, 2024 (being the commencement date of the pre-application 12-month period), respectively.

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Richen Capital SII (being Richen Emerging Industry and Richen Digital Intelligence):

Each of the Richen Capital SII is an exempted limited partnership established in the PRC, and is managed by Richen Investment Management Co., Ltd.* (興富投資管理有限公司) (“**Richen Investment**”) as the general partner, a venture capital firm ultimately controlled by Mr. Wang Tingfu (王廷富) with several funds in USD and RMB targeting early stage opportunities in enterprise of digital technologies, smart manufacturing, and digital-intelligent applications. Richen Emerging Industry has 15 limited partners, each of whom holds less than one-third of the interests therein. Among the 15 limited partners, Ningbo Richen Xinhe Venture Capital Partnership (Limited Partnership)* (寧波興富新禾創業投資合夥企業(有限合夥)), Suzhou Richen Xingrun Equity Investment Partnership (Limited Partnership)* (蘇州興富興潤股權投資合夥企業(有限合夥)), Ningbo Richen Cangling Venture Capital Partnership (Limited Partnership)* (寧波興富滄凜創業投資合夥企業(有限合夥)), Jinjiang Richen Cangxiang Equity Investment Partnership (Limited Partnership)* (晉江興富滄響股權投資合夥企業(有限合夥)), and Ningbo Richen Xinchuang Venture Capital Partnership (Limited Partnership)* (寧波興富新創創業投資合夥企業(有限合夥)) are managed by Richen Investment.

Richen Digital Intelligence has 20 limited partners, each of whom holds less than one-third of the interests therein. Among the 20 limited partners, Jinjiang Richen Bowei Equity Investment Partnership Enterprise (Limited Partnership)* (晉江興富博威股權投資合夥企業(有限合夥)) and Ningbo Richen Xinchuang Venture Capital Partnership (Limited Partnership) are managed by ultimately managed by Richen Investment. The remaining limited partners of Richen Capital SII comprise various A-share listed companies, investment management firms and equity investment funds who are Independent Third Parties. We became acquainted with Richen Capital SII by way of personal acquaintance with the partners of Richen Investment. As at the Latest Practicable Date, the Richen Capital SII held approximately 9.72% of the total issued Shares of the Company. Ms. Qing Chen, our non-executive Director, currently serves as an investment director at Richen Investment since July 2017.

The AUM of Richen Investment was approximately RMB4.32 billion as of July 31, 2018⁽¹⁾, and approximately RMB8.72 billion as of September 30, 2025, respectively derived primarily from the valuation of their investments in Specialist Technology Companies in the sectors of digital technology, intelligent manufacturing, and digital application. The growth of Richen Investment’s AUM from RMB4.32 billion to RMB8.72 billion is attributable to the investor’s investment experience, knowledge and expertise. As each of Richen Capital SII is ultimately managed by Richen Investment, the different shareholding entities are purely different funds managed by the same fund manager and should be aggregated as one Pathfinder SII pursuant to Chapter 2.5 of the Listing Guide. In compliance with Rule 18C.05 of the Listing Rules, the Richen Capital SII held approximately 9.72% and 9.72% of the total issued share capital of the Company, as at November 17, 2025 (being the date of submission of the Company’s first [REDACTED]) and November 17, 2024 (being the commencement date of the pre-application 12-month period), respectively.

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Our Pathfinder SIIs, in aggregate, held approximately 23.07% and 23.07% of the total issued share capital of the Company, as at November 17, 2025 (being the date of submission of the Company’s first [REDACTED]) and November 17, 2024 (being the commencement date of the pre-application 12-month period), respectively.

Our Other Sophisticated Independent Investors

Shuanghuan Driveline:

Shuanghuan Driveline is a company incorporated in the PRC. We became acquainted with Shuanghuan Driveline through discussions on business cooperations. In November 2018, we announced cooperation with Shuanghuan Driveline for the supply of joint reduction gears (關節減速器) by Shuanghuan Driveline. The supply of joint reduction gears is currently undertaken by Zhejiang Driveline Robot Joint Technology Co., Ltd.* (浙江環動機器人關節科技股份有限公司), a subsidiary controlled by Shuanghuan Driveline. As at the Latest Practicable Date, Shuanghuan Driveline holds approximately 1.20% of the total issued shares of the Company. According to Frost & Sullivan, Shuanghuan Driveline is a key participant in the upstream industry of the Company in terms of sales volume of all types of mechanical transmission gears and related components in the PRC as of December 31, 2019⁽¹⁾ and June 30, 2025.

TTGG:

TTGG is a limited partnership established under the laws of the PRC. The general partner of TTGG is Zhejiang TTGG Zhaoyang Venture Capital Co., Ltd.* (浙江天堂硅谷朝陽創業投資有限公司), which is wholly-owned by TTGG Venture Capital Group Co., Ltd.* (天堂硅谷創業投資集團有限公司) (“**TTGG Capital**”). TTGG Capital is owned as to 51.84%, 27.90%, 6.38% and 5.00% by Heaven-Sent Industrial Group Co., Ltd.* (硅谷天堂產業集團股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 833044), Qianjiang Water Resources Development Co., Ltd.* (錢江水利開發股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600283), Zhejiang Orient Financial Holdings Group Co., Ltd.* (浙江東方金融控股集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600120) and Minfeng Special Paper Co., Ltd.* (民豐特種紙股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600235). TTGG Capital has three other shareholders each holding less than 5% of the interests therein.

TTGG Capital focuses on three investment areas, namely, technology, manufacturing, and healthcare. We became acquainted with TTGG Capital while actively seeking reputable investment partners. As at the Latest Practicable Date, TTGG Capital holds approximately 1.00% of the total issued shares of the Company. The AUM of TTGG Capital derived primarily from Specialist Technology investments was approximately RMB6.31 billion as of June 30, 2024⁽¹⁾ and approximately RMB5.60 billion as of June 30, 2025, respectively.

(1) being a date not more than six months prior to the date on which the relevant investor signed the relevant definitive agreement for their investment in the Company.

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Other key [REDACTED] Investors

As set out below, our SIIs and other key [REDACTED] Investors, together with our Controlling Shareholders, held more than 75% of our total issued share capital as of the date of this document:

Eastern Bell Equity and Eastern Bell Qinglan:

Each of Eastern Bell Equity and Eastern Bell Qinglan is an exempted limited partnership established in the PRC. Shanghai Dingxiao Enterprise Management Consulting Center (Limited Partnership)* (上海鼎蕭企業管理諮詢中心(有限合夥)) (formerly known as Jiaying Dingxiao Venture Capital Investment Partnership Enterprise (Limited Partnership)* (嘉興鼎蕭創業投資合夥企業(有限合夥))) (“**Eastern Bell Capital**”) is the general partner of each of Eastern Bell Equity and Eastern Bell Qinglan. Shanghai Dingman Enterprise Management Co., Ltd.* (上海鼎蔓企業管理有限公司) is the general partner of Eastern Bell Capital, ultimately controlled by Mr. Yan Li (嚴力), an Independent Third Party. Eastern Bell Equity has 38 limited partners, each of whom holds less than one-third of the interests therein. Eastern Bell Qinglan has 10 limited partners, each of whom holds less than one-third of the interests therein. As at the Latest Practicable Date, each of Eastern Bell Equity and Eastern Bell Qinglan held approximately 2.92% and 0.64% of the total issued Shares of the Company, respectively.

Yangzhou Qixin:

Yangzhou Qixin is a limited partnership established under the laws of the PRC, managed by its general partner, Beijing Qixin Investment Management Co., Ltd.* (北京齊芯投資管理有限公司) (“**Qixin Capital**”). Qixin Capital is a private equity fund management company, ultimately controlled by Mr. You Wentao (尤文濤), an Independent Third Party. Yangzhou Qixin has nine limited partners. Among the limited partners, Yangzhou Qixin Yuanli No. 8 Equity Investment Partnership (Limited Partnership)* (揚州齊芯原力八號股權投資合夥企業(有限合夥)) and Yangzhou Qixin Xieli No. 10 Equity Investment Partnership (Limited Partnership)* (揚州齊芯協力十號股權投資合夥企業(有限合夥)) are managed by Qixin Capital as the general partner, while the remaining limited partners are natural persons. As at the Latest Practicable Date, Yangzhou Qixin held approximately 1.42% of the total issued Shares of the Company.

Guohong Jiyuan:

Guohong Jiyuan is a limited partnership established under the laws of the PRC. Its limited partners are Hainan Jiashui Industrial Development Partnership (Limited Partnership)* (海南嘉穗實業發展合夥企業(有限合夥)) which holds approximately 33.33% interests therein, Zhoushan Fusheng Investment Partnership (Limited Partnership)* (舟山富盛投資合夥企業(有限合夥)) which holds approximately 22.22% therein, and 14 other limited partners each holding less than 10% of the interests therein. The general partner of Guohong Jiyuan is Shanghai Grand Yangtze Investment Management Co., Ltd.* (上海長江國弘投資管理有限公司) which is ultimately controlled by Mr. Li Chunyi (李春義), is an Independent Third Party. As at the Latest Practicable Date, Guohong Jiyuan held approximately 5.06% of the total issued Shares of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Huatuo Zhiying:

Huatuo Zhiying is a limited partnership established under the laws of the PRC. Huatuo Zhiying is owned by Shenzhen Huatuo Private Equity Investment Fund Management Co., Ltd.* (深圳市華拓私募股權投資基金管理有限公司) which is ultimately controlled by Mr. Chen Yunxing (陳運興), an Independent Third Party and 27 other limited partners. As at the Latest Practicable Date, Huatuo Zhiying held approximately 0.71% of the total issued Shares of the Company.

Dianke Haimei:

Dianke Haimei is a limited partnership established under the laws of the PRC. Its limited partners are Wuxi Huikai Chuangyuan Venture Capital Partnership (Limited Partnership)* (無錫惠開創源創業投資合夥企業(有限合夥)) which holds approximately 48.0% interests therein, Shanghai Haizhong Enterprise Management Partnership (Limited Partnership)* (上海海眾企業管理合夥企業(有限合夥)) which holds approximately 30.0% therein, Shanghai Robotics Industry Technology Research Institute Co., Ltd.* (上海機器人產業技術研究院有限公司) which holds approximately 6.0% therein, and Wang Zhuoying (王卓穎), who holds approximately 14.0% therein. The general partner of Dianke Haimei is Wuxi Kehai Investment Partnership (Limited Partnership)* (無錫科海投資合夥企業(有限合夥)) which is ultimately controlled by Mr. Chen Dezhong (陳德忠), an Independent Third Party. As at the Latest Practicable Date, Dianke Haimei held approximately 0.70% of the total issued Shares of the Company.

Chengdu Chenghua:

Chengdu Chenghua is a limited partnership established under the laws of the PRC. Its limited partners are Chengdu Chenghua Development Group Co., Ltd.* (成都市成華發展集團有限責任公司) which holds approximately 24.0% interests therein, Chengdu Xinghua Ecological Construction Development Co., Ltd.* (成都興華生態建設開發有限公司), Chengdu Chenghua Shantytown Area Beneficial People Reconstruction and Construction Co., Ltd.* (成都成華棚戶區惠民改造建設有限責任公司), Chengdu Chenghua Old City Renovation Investment Co., Ltd.* (成都成華舊城改造投資有限責任公司), Chengdu Chenghua State-owned Assets Operation and Investment Co., Ltd.* (成都成華國資經營投資有限責任公司) and Chengdu Dongfang Guangyi Investment Co., Ltd.* (成都東方廣益投資有限公司) which holds approximately 15.0% respectively therein. The general partner of Chengdu Chenghua is Chengdu Chenghua Zhiyuan Tengyue Enterprise Management Co., Ltd.* (成都成華智遠騰悅企業管理有限公司) (formerly known as Chengdu Dongguang Tengyue Trading Co., Ltd.* (成都東廣騰悅貿易有限公司)) which holds approximately 1.0% therein and is ultimately controlled by Chengdu Chenghua District State-owned Assets Supervision and Administration Commission (成都市成華區國有資產監督管理局), an Independent Third Party. As at the Latest Practicable Date, Chengdu Chenghua held approximately 0.61% of the total issued Shares of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Zhangke Yaokun:

Zhangke Yaokun is a limited partnership established under the laws of the PRC. Its limited partners are Shanghai Pudong Science and Technology Innovation Investment Fund Partnership (Limited Partnership)* (上海浦東科技創新投資基金合夥企業(有限合夥)) which holds approximately 28.57% interests therein, Shanghai Zhangju Yibiao Technology Development Co., Ltd.* (上海張炬壹標科技發展有限公司) which holds approximately 16.19% therein, Hangzhou Shengxia Shiguang Investment Co., Ltd.* (杭州盛夏時光投資管理有限公司) which holds approximately 10.48% therein, and 10 other limited partners each holding less than 10.00% of the interests therein. The general partner of Zhangke Yaokun is Shanghai Zhangke Yaokun Enterprise Management Co., Ltd.* (上海張科垚坤企業管理有限公司) which has no actual controller. The fund manager of Zhangke Yaokun is Shanghai Zhangjiang Technology Venture Capital Co., Ltd.* (上海張江科技創業投資有限公司), which is ultimately controlled by Shanghai Pudong New Area State-owned Assets Supervision and Administration Commission* (上海市浦東新區國有資產監督管理委員會), an Independent Third Party. As at the Latest Practicable Date, Zhangke Yaokun held approximately 0.61% of the total issued Shares of the Company.

Jincheng Music Technology:

Jincheng Music Technology is a limited partnership established under the laws of the PRC. Its limited partners are Ningbo Meishan Bonded Port Area Weiying Mingxin Investment Partnership (Limited Partnership)* (寧波梅山保稅港區微影明鑫投資合夥企業(有限合夥)), Chengdu Chenghua Industrial Revitalization Equity Investment Fund Partnership Enterprise (Limited Partnership)* (成都成華產業振興股權投資基金合夥企業(有限合夥)), and Chengdu Industrial Guidance Equity Investment Fund Co., Ltd.* (成都市產業引導股權投資基金有限公司). The general partner of Jincheng Music Technology is Ningbo Meishan Bonded Port Area Heying Investment Management Co., Ltd.* (寧波梅山保稅港區和滙投資管理有限公司) which is ultimately controlled by Mr. Deng Kai (鄧凱), an Independent Third Party. As at the Latest Practicable Date, Jincheng Music Technology held approximately 0.61% of the total issued Shares of the Company.

Meaningful investment from Sophisticated Independent Investors

We have received investments from two Pathfinder SIIs, namely the Northern Light SII and Richen Capital SIIs, each having invested in the Group for at least 12 months prior to the first submission of our [REDACTED] to the Stock Exchange for the purpose of the [REDACTED]. In accordance with Chapter 2.5 of the Listing Guide, each of the Northern Light SII and Richen Capital SIIs holds more than 3%, and in aggregate more than 10%, of the issued share capital of the Company as of the date of our [REDACTED] and throughout the pre-application 12-month period.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of the Latest Practicable Date, our Sophisticated Independent Investors (as identified above) held, in aggregate, approximately 25.27% in the total issued share capital of our Company. At [REDACTED], such Sophisticated Independent Investors will hold, in aggregate, no less than 20% in the total issued share capital of our Company, assuming that our expected [REDACTED] at the time of [REDACTED] will exceed HK\$4 billion but less than HK\$15 billion.

The table below sets out the list of persons who are, together with their respective close associates, subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules:

Name	Capacity	Aggregate number of H Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised)	Aggregate shareholding in the total issued share capital of our Company following the completion of the [REDACTED] (assuming the [REDACTED] is completed and [REDACTED] is not exercised)	Lock-up period
Key Persons and their close associates ⁽¹⁾				
Mr. Li	Founder, chairman of the Board, general manager and executive Director	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 12 months from the [REDACTED]
Mr. Zhu	Founder, executive Director, vice general manager and the director of R&D	[REDACTED]	[REDACTED]%	
Changzhou Hongzhi ⁽¹⁾	Mr. Li’s close associate	[REDACTED]	[REDACTED]%	
Ms. Gu	executive Director and vice director of research and development	[REDACTED]	[REDACTED]%	
Mr. Xia	vice general manager and vice director of research and development	[REDACTED]	[REDACTED]%	
Mr. Zeng	Director of operations and vice general manager	[REDACTED]	[REDACTED]%	
Mr. Deng	vice general manager and director of general administration	[REDACTED]	[REDACTED]%	
Existing investors				
Northern Light SII (being Beta Achieve)	Pathfinder SII	[REDACTED]	[REDACTED]%	Commencing on the date of this document and ending on expiry of 6 months from the [REDACTED]
Richen Capital SIIs (being Richen Emerging Industry and Richen Digital Intelligence)	Pathfinder SII	[REDACTED]	[REDACTED]%	

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Note:

- (1) As at the Latest Practicable Date, Changzhou Hongzhi was owned as to (i) approximately 1.13% by Mr. Li as the executive general partner; (ii) approximately 73.21% by Mr. Zhu, an executive Director, as a limited partner; (iii) approximately 2.64% by Mr. Li Xiang (李祥), a non-executive Director, as a limited partner; (iv) approximately 7.65% by Ms. Song Qiong Lian (宋瓊蓮), the chief financial officer and one of the senior management of our Company, as limited partner; (v) approximately 2.04% by Mr. Song Zhexing (宋哲行), a joint company secretary of our Company, as limited partner; (vi) approximately 2.04% by each of Mr. Xu Chunke (徐純科), Mr. Chen Hui (陳輝) and Mr. Long Yan (龍燕), our core R&D members, as limited partners; and (vii) approximately 0.76% by Mr. Yang Jinqiao (楊金橋), one of our core R&D members, as a limited partner.

Compliance with [REDACTED] Investment Guidance

On the basis that all special rights granted to the [REDACTED] Investors pursuant to the terms of the [REDACTED] Investment will be terminated upon the [REDACTED], the Sole Sponsor is of the view that the [REDACTED] Investment is in compliance with Chapter 4.2 under the Guide for New Listing Applicants.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

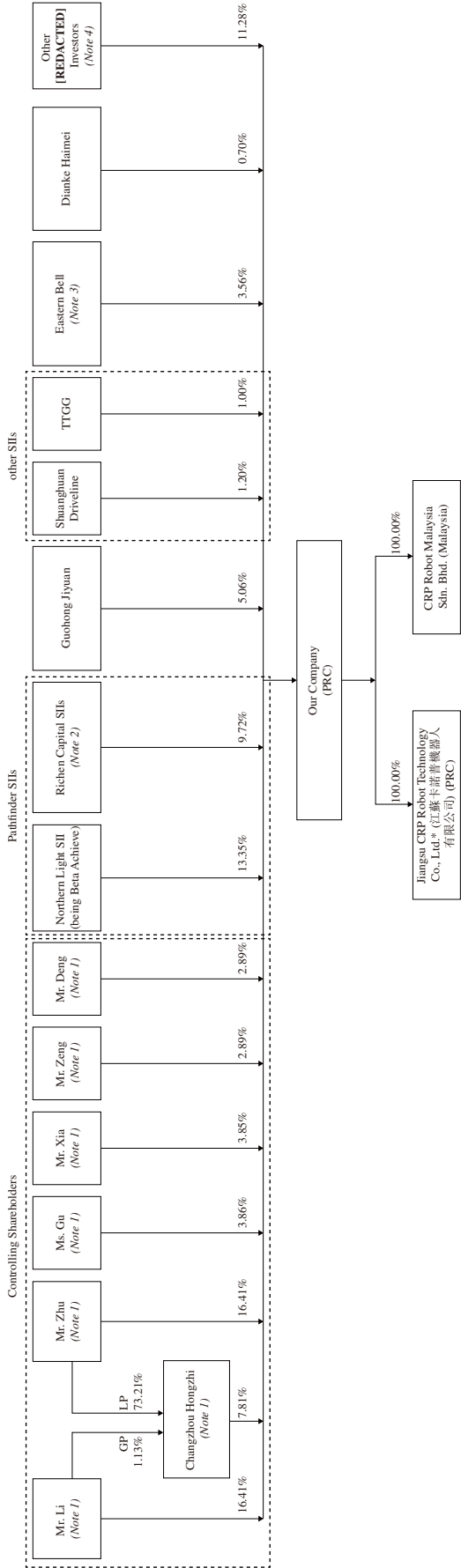
During the Track Record Period and as at the Latest Practicable Date, our Group did not have any major acquisitions, disposals or mergers.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CORPORATE STRUCTURE OF THE COMPANY

Corporate Structure as at the Latest Practicable Date

The following chart illustrates the shareholding structure and corporate structure of our Group as at the Latest Practicable Date:



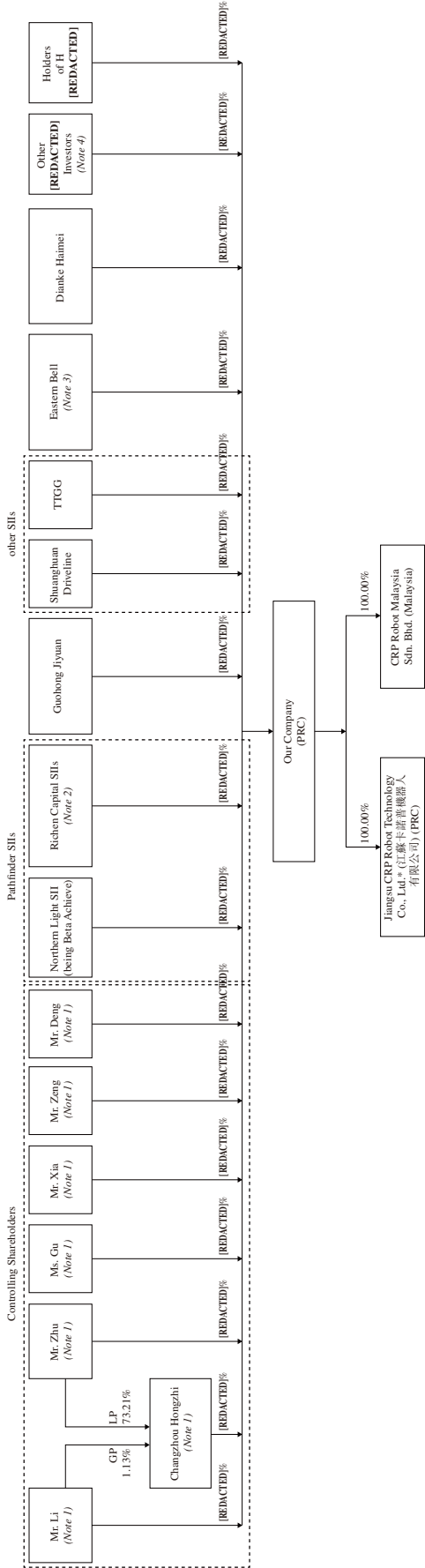
Note:

- (1) Changzhou Hongzhi is a limited partnership established in the PRC as the employees' shareholding platform. For further details of Changzhou Hongzhi, see "– Employee Shareholding Platform" above. For further details of our Controlling Shareholders, see "Relationships with our Controlling Shareholders". Pursuant to the Concert Party Agreement, Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng confirmed and acknowledged their acting-in-concert relationship in our Company since they became our direct Shareholders and serving as the Company's members of senior management. For details of the Concert Party Agreement, please see "– Concert Party Agreement" above.
- (2) Richen Capital SIs include Richen Emerging Industry and Richen Digital Intelligence, which held 9.24% and 0.49% of our issued Shares as at the Latest Practical Date, respectively.
- (3) Eastern Bell includes Eastern Bell Equity and Eastern Bell Qinglan, which held 2.92% and 0.64% of our issued Shares as at the Latest Practical Date, respectively.
- (4) For details of the other [REDACTED] Investors, please refer to the paragraph headed "Information about our key [REDACTED] Investors" above.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Corporate Structure Immediately Following the Completion of the [REDACTED]

The following chart illustrates the shareholding structure and corporate structure of our Group immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised):



Note:

Please refer to the notes (1) to (4) to the paragraph headed “Corporate Structure as at the Latest Practicable Date” above for more information.

BUSINESS

OVERVIEW

Our Mission

Empowering industrial upgrading worldwide with our professional and user-friendly intelligent robots, from China to the world.

Our Vision

With AI as our cornerstone and industry as our foundation, we strive to become the premier intelligent robotics brand, serving a multitude of sectors and earning worldwide renown.

Who We Are

We are an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. According to Frost & Sullivan, in terms of revenue in 2024, (i) we rank first among all Chinese manufacturers of welding robots; (ii) we rank first among all Chinese manufacturers in key welding robot sub-segments, including laser welding and cutting robots; and (iii) we hold a leading position among Chinese companies in robotic applications for the metal and machining sector. According to Frost & Sullivan, among all Chinese companies that have achieved scaled production of industrial robots, we are among the leaders in terms of profitability.

In line with market trends, we have built a “dual-driven” growth model that strengthens our domestic base while pursuing strategic expansion overseas. According to Frost & Sullivan, we have established one of the strongest global presences among Chinese peers in industrial robotics industry and are the largest Chinese exporter of welding robots in terms of revenue in 2024.

BUSINESS

According to Frost & Sullivan, we are one of the few players in the industry with full-stack self-developed core technologies as well as a fully self-developed product matrix that delivers full-series coverage of industrial robots. Leveraging our R&D advantage, among all Chinese companies that have achieved scaled production of industrial robots, we are among the leaders in terms of profitability, according to Frost & Sullivan. Soon after our establishment in 2012 with a focus on foundational robotics technologies, we quickly became a leading supplier of industrial robot controllers and complete electrical systems in China. Building on our expertise in motion control and other fundamental technologies for industrial robots, we pioneered a strategic expansion in 2018 from core components into complete robotic products, culminating in the successful launch of our first complete robotic product in the same year and first embodied intelligent robot in 2022. We have established a fully self-developed product portfolio of industrial robots. As of the Latest Practicable Date, this portfolio encompassed over 70 models, mainly categorized into industrial robots, collaborative robots and embodied intelligent robots, collectively forming a comprehensive matrix. Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

Our Fully Self-developed Product Matrix and Comprehensive Application Scenarios

Our full-stack product matrix

With full-stack self-developed robotic technologies at the core, we integrate the flexibility of six-axis industrial robots, the efficiency of four-axis industrial robots, the human-machine collaboration of collaborative robots, and the intelligent autonomy of embodied intelligent robots to build a comprehensive product matrix. As advised by Frost & Sullivan, our products can successfully cover most industrial application scenarios.

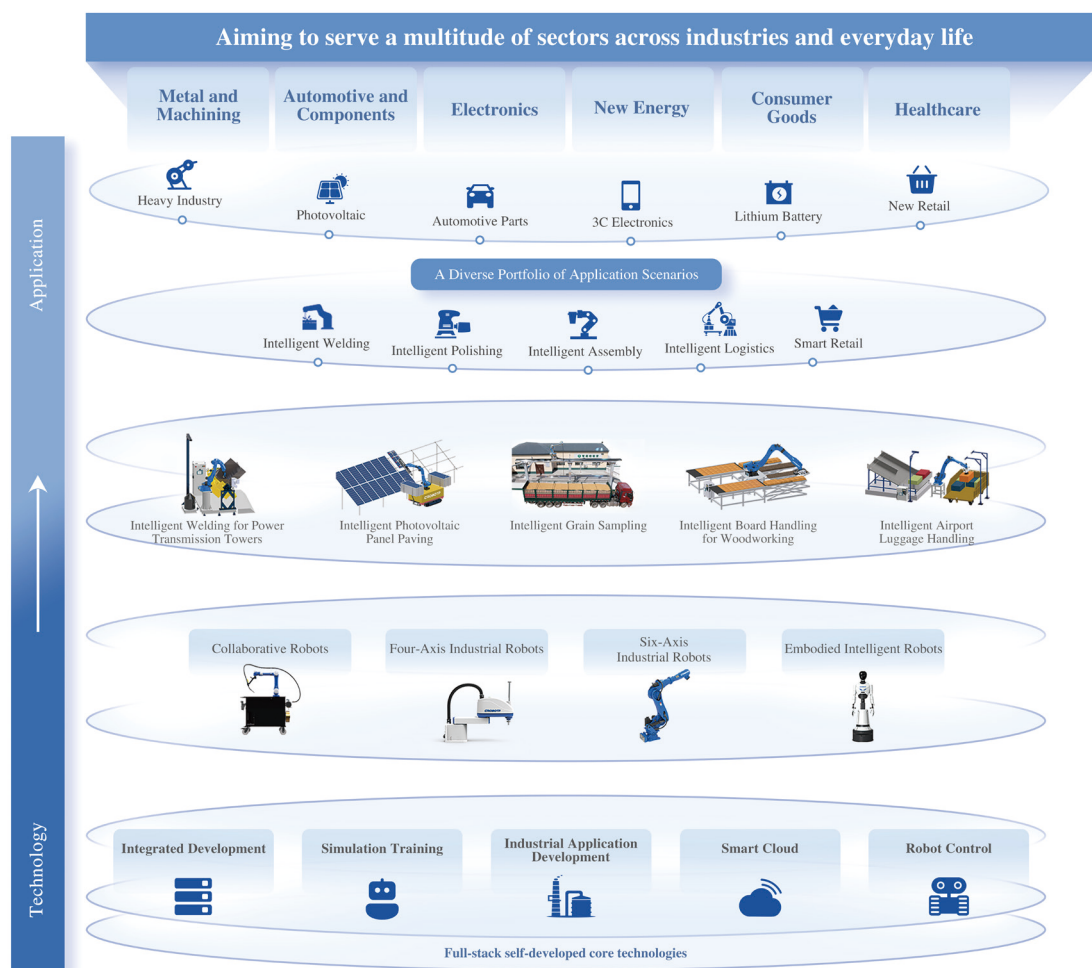


For more details about our products, please refer to “– Our Products” below.

BUSINESS

Comprehensive product application scenarios

Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.



Our Technical Features

Through the deep synergy of hardware, software, and control systems, we deliver welding capabilities with high precision, low spatter, and broad adaptability. Building on this foundation, we have created modular process libraries that can be flexibly configured to meet diverse customer requirements across all scenarios. In mechanical design, the integrated use of simulation, structural design, and custom components has collectively enhanced our robot rigidity and service life, while maintaining cost-effectiveness. Furthermore, we have achieved key breakthroughs in three core technologies: (i) high-precision calibration, (ii) weld seam recognition and trajectory planning, and (iii) cross-scenario visual adaptation. These innovations directly address the industry’s longstanding challenges in robotic precision, operational stability, and application adaptability.

BUSINESS

Our specific technical features mainly include:

- ***Scalable control software system from the underlying layer to the cloud:*** we have successfully achieved in-house development across the entire technology stack, from the physical robot and its core software to applications and the cloud. Our system enables “plug-and-play” functionality across multiple industrial scenarios while balancing both technical sophistication and ease of use. According to Frost & Sullivan, our control software leads in the industry in terms of process adaptability and user-friendliness.
- ***Algorithmic advantages:*** our robots demonstrate leading capabilities in three key performance benchmarks for industrial robots, namely, positioning accuracy, trajectory accuracy, and cycle time performance. According to Frost & Sullivan, (i) our full-chain high-precision controller for industrial robots is leading in the industry. In particular, the trajectory repeatability error range of our flagship models of LH and RH series robots is leading in the industry; (ii) in trajectory accuracy, our trajectory deviation is reduced to ± 0.06 mm, outperforming the industry average of ± 0.08 mm; (iii) our cycle time performance efficiency is leading in the industry in China.
- ***Leading innovative hardware control system:*** we have developed an innovative hardware control architecture and were among the top in the industry to integrate cutting-edge embedded technologies, thereby driving industry-wide improvements in efficiency and resolution.

Please also refer to “– Competitive Strengths – World-Class R&D Capabilities and Comprehensive R&D Platform System” and “– Research and Development” below.

Our Market Presence

In line with market trends, we have built a “dual-driven” growth model that strengthens our domestic base while pursuing strategic expansion overseas. According to Frost & Sullivan, we have established one of the strongest global presences among Chinese peers in industrial robotics industry and are the largest Chinese exporter of welding robots in terms of revenue in 2024.

During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, including those with the most stringent technical standards, including Germany, Japan, and the U.S. Our products’ proven process stability and adaptability have earned us high recognition from numerous leading local manufacturers. Moreover, we understand a large portion of our products is integrated into our direct customers’ offerings, which are subsequently distributed to global markets through our customers’ channels, thereby significantly expanding the international reach of our products.

BUSINESS

In addition, to enhance responsiveness in overseas markets and accelerate localized operations, we established a subsidiary in Malaysia in 2024 to become our regional operations center for Southeast Asia in the near future, serving surrounding markets. In 2025, we deepened this commitment by launching “24/7” rapid response by sending our personnel to India, Turkey, and Mexico, which significantly shortens issue resolution cycles. Meanwhile, during the Track Record Period, we have developed partnerships with more than 70 local professional system integrators overseas. Through our “local partners + technology empowerment” model, we rapidly adapt to the process requirements and industrial characteristics of different regions.

Our Business Growth

We achieved sustained growth in revenue and gross profit during the Track Record Period. Our revenue increased by 12.6% from RMB197.4 million in 2022 to RMB222.4 million in 2023, and by a further 5.2% to RMB234.0 million in 2024. This momentum continued into the first half of 2025, with revenue for the six months ended June 30, 2025 reaching RMB156.0 million, a 36.3% increase compared with the same period in 2024. Correspondingly, our gross profit demonstrated growth, rising from RMB54.4 million in 2022 to RMB60.2 million in 2023, and further to RMB71.2 million in 2024. Our gross profit also increased from RMB35.0 million for the six months ended June 30, 2024 to RMB50.6 million for the six months ended June 30, 2025. Our gross profit margin remained robust, recorded at 27.5% in 2022, 27.1% in 2023, 30.4% in 2024, 30.6% for the six months ended June 30, 2024, and 32.4% for the six months ended June 30, 2025.

COMPETITIVE STRENGTHS

An advanced industrial robotics company in China and a pioneer in embodied intelligent robotics, with leading positions in both welding functionality and metal and machining applications

We are an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. According to Frost & Sullivan, in terms of revenue in 2024, (i) we rank first among all Chinese manufacturers of welding robots; (ii) we rank first among all Chinese manufacturers in key welding robot sub-segments, including laser welding and cutting robots; and (iii) we hold a leading position among Chinese companies in robotic applications for the metal and machining sector. According to Frost & Sullivan, among all Chinese companies that have achieved scaled production of industrial robots, we are among the leaders in terms of profitability.

BUSINESS

In line with market trends, we have built a “dual-driven” growth model that strengthens our domestic base while pursuing strategic expansion overseas. According to Frost & Sullivan, we have established one of the strongest global presences among Chinese peers in industrial robotics industry and are the largest Chinese exporter of welding robots in terms of revenue in 2024.

Soon after our establishment in 2012 with a focus on foundational robotics technologies, we quickly became a leading supplier of industrial robot controllers and complete electrical systems in China. Building on our expertise in motion control and other fundamental technologies for industrial robots, we pioneered a strategic expansion in 2018 from core components into complete robotic products, culminating in the successful launch of our first complete robotic product in the same year and first embodied intelligent robot in 2022. We have established a fully self-developed product portfolio of industrial robots. As of the Latest Practicable Date, this portfolio encompassed over 70 models, mainly categorized into industrial robots, collaborative robots and embodied intelligent robots, collectively forming a comprehensive matrix. Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

According to Frost & Sullivan, China’s industrial robotics market exhibited high growth, expanding from RMB31.5 billion in 2020 to RMB46.7 billion in 2024, achieving a CAGR of 10.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB93.1 billion by 2029 with a CAGR of 15.3% from RMB52.7 billion in 2025. Global industrial robotics market exhibited high growth, expanding from RMB74.0 billion in 2020 to RMB101.6 billion in 2024, achieving a CAGR of 8.3% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB181.3 billion by 2029 with a CAGR of 12.6% from RMB112.9 billion in 2025.

In addition, the development of embodied industrial robots is being propelled by advances in AI and sensing technologies, growing demand for flexible automation, and the need for enhanced human-robot collaboration in complex production environments, which laid a foundation for future development of our embodied intelligent robots. Globally, revenue from embodied industrial robots is expected to increase from RMB2.3 billion in 2025 to RMB8.0 billion in 2029, representing a CAGR of 37.0%. In China, revenue in this segment is projected to grow from RMB0.8 billion to RMB3.3 billion during the same period, at a CAGR of 40.6%.

We are committed to empowering industrial upgrading worldwide by delivering professional and user-friendly intelligent industrial robots. From China to the world, we aim to become the premier intelligent robotics brand, serve a multitude of sectors and earn worldwide renown.

BUSINESS

World-class R&D capabilities and comprehensive R&D platform

According to Frost & Sullivan, we are one of the few players in the industry with full-stack self-developed core technologies as well as a fully self-developed product matrix that delivers full-series coverage of industrial robots. We establish competitive barriers across multiple dimensions, mainly including:

- ***Internationally competitive algorithm barriers:*** Our dynamic accuracy compensation algorithm enables our robots to achieve internationally leading performance on key precision metrics, with repeat positioning accuracy as low as 0.02 mm, positioning accuracy as low as 0.2 mm, and path repeatability as low as 0.1 mm, as confirmed by Frost & Sullivan.
- ***Deeply embedded technological barriers:*** We believe our deeply embedded technological barriers are established by integrating our high-barrier process technologies directly into customer production workflows and lines, where our robots become critical operational components. This integration transforms our technical advantages into sustainable commercial competitiveness. Furthermore, our process parameter optimization fosters stable operational habits among long-term users, significantly reducing their incentive to switch. This, combined with high-reliability designs featuring a mean time between failures (“MTBF”) exceeding 100,000 hours and comprehensive lifecycle services, ensures continuous and stable production line operation, thereby strengthening customer satisfaction and loyalty.
- ***AI empowerment:*** Guided by our “scenario-defined product” strategy, we see AI as the core force behind breaking performance limits and advancing both specialized and general-purpose robots together. We leverage AI to enhance our products. For instance, our specialized robots use AI vision and force control to perform high-precision tasks like welding and grinding. According to Frost & Sullivan, our pass rate for ultra-thin sheet welding is leading in the industry in China. Our six-axis multifunctional industrial robots use an AI-powered “control cerebellum” that allows them to work together safely, navigate around obstacles, and plan their own paths.
- ***Platform-based R&D system balancing short-term execution and long-term innovation:*** Our R&D strategy strikes a balance between fundamental research and applied solutions, enabling us to be one of the first movers in aligning long-term technology development with fast-paced market demands. Structurally, we have built a core technology base organized around dedicated platforms for software, drive-and-control, robot hardware, and welding power sources. This is powered by a dual-track R&D model. Our R&D team plans the long-term technology roadmap, while our product team focuses on industry needs to develop commercial solutions for the coming year. This model accelerates product development, improves market responsiveness, controls costs, and creates a closed-loop innovation path from technology to product to application.

For further details on our R&D achievements, please refer to “– Research and Development” below.

BUSINESS

A comprehensive and fully self-developed product matrix for diverse applications

Building on multidisciplinary expertise and experience, we have developed a comprehensive industrial robotic product matrix characterized by complete categories, scenario adaptability, and deep industry penetration. Empowered by AI and guided by core scenario-driven demands, our products achieve multi-scenario coverage, from core industrial operations to cross-industry specialized applications, allowing us to meet the intelligent production needs of different sectors and processes.

- ***Comprehensive product categories:*** According to Frost & Sullivan, we are one of the few players in the industry with full-stack self-developed core technologies as well as a fully self-developed product matrix that delivers full-series coverage of industrial robots. With full-stack self-developed robotic technologies at the core, we integrate the flexibility of six-axis industrial robots, the efficiency of four-axis industrial robots, the human-machine collaboration of collaborative robots, and the intelligent autonomy of embodied intelligent robots to build a comprehensive product matrix. As advised by Frost & Sullivan, our products can successfully cover most industrial application scenarios. Through our strategy of “full-category support for all-scenario”, our products have been applied from light-load operations in electronic precision manufacturing to heavy-duty tasks in automobile production, and even to specialized scenarios in public infrastructure industries.
- ***Adaptability to multiple scenarios and complex environments:*** Beyond achieving upgrades from single-task equipment to intelligent production lines, we have further expanded the boundaries of scenario adaptability. We are committed to providing comprehensive intelligent robotic products for key phases in industrial production, covering diverse scenarios such as welding, handling, palletizing, spraying, gluing, polishing, and grinding. Moreover, to meet the flexible production demands of small-batch and multi-variety manufacturing, we have developed multiple embodied robot solutions that significantly reduce the ease of use and broaden the application of robotics in flexible manufacturing. Our products also demonstrate exceptional environmental adaptability and reliability, capable of stable operation under extreme temperatures. They also perform in complex industrial electromagnetic environments with anti-interference performance exceeding national standards. In projects with stringent environmental requirements, our robots meet high standards of voltage resistance and insulation, showcasing strong operational performance under special working conditions.

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Outstanding commercialization capabilities

We have established a strong network of partners across most of the industrial value chain, building a trinity commercialization system of “Partner Ecosystem – Technological Barriers – Global Service.” Our commercialization strength is reflected not only in deep engagement with top-tier clients and broad market penetration worldwide but also in a unique competitive advantage built upon technological barriers and a global service network.

- ***Ecosystem partnership network:*** We have developed a global network encompassing hundreds of downstream partners, with our products applied vertically across core industries including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. In terms of direct sales, we are capable of serving a broad spectrum of customers, from small teams of three to five people to professional system integrators with over a thousand employees. This layered coverage model ensures both market penetration breadth and service precision, thereby realizing an ecosystem in which “leading players drive major industries, while experts cultivate niche scenarios.” We maintain stable cooperation with our core partners, whose businesses revolve around robotic applications, forming a collaborative and sustainable development ecosystem.
- ***Global service network:*** In line with market trends, we have built a “dual-driven” growth model that strengthens our domestic base while pursuing strategic expansion overseas. According to Frost & Sullivan, we have established one of the strongest global presences among Chinese peers in industrial robotics industry and are the largest Chinese exporter of welding robots in terms of revenue in 2024. Given the high entry barriers and diverse user habits in overseas markets, we have adopted a “Technology Adaptation + Localized Service” strategy. For example, we have optimized compliance parameters for European customers, and developed stable high-temperature operation products for clients in Southeast Asia. Our model of product customization coupled with real-time after-sales support has proven effective in penetrating diverse regional markets. This layout gives us a first-mover advantage over domestic peers and a leading position in overseas industrial markets with strong demand. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, mainly covering Europe, Southeast Asia, Latin America, South Asia and North America. Possessing process stability and flexible adaptability, our products have gained high recognition from well-known local manufacturing enterprises, breaking the long-standing monopoly of international brands. For more details on our overseas commercialization layout, please refer to “– Overview – Our Market Presence” above.

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Supply chain integration advantages

Through deep collaboration, we have established a supply chain system founded on co-development, stable supply, and cost efficiency. This system serves as a competitive edge, solidly supporting our diverse product matrix and broad market application.

- ***Stable relationships with core suppliers:*** We have established deep and stable partnerships with leading suppliers in the industry. During the Track Record Period, our relationships with the vast majority of our core suppliers have remained stable. Through collaboration with suppliers in customized benchmarking and technology improvements, we have jointly promoted industrial upgrading.
- ***Maintaining high localization rate and enhancing supply chain stability:*** Throughout the Track Record Period, in terms of procurement amount, approximately 93.0% of the raw materials for core components of our robotic products are sourced domestically. Consequently, our products are typically priced lower than imported brands of comparable quality. This dual value proposition of international-level technology and domestic cost structure has been key to breaking the long-standing monopoly of major foreign brands.
- ***Customized component supply system supporting our products:*** We have established a collaborative model with suppliers centered on joint definition and customized development. By co-developing key components, we have significantly optimized the overall performance and production adaptability of our robots, thereby strengthening the core competitiveness of our products.

Industry-leading and experienced core team

We are led by an experienced management team. Our management team, represented by Mr. Li Liangjun (李良軍), our Chairman, and Mr. Zhu Lusheng (朱路生), our executive Director and head of our R&D team, combines technological foresight which enables our products to meet international standards, steering the company through a decade-long transformation from a controller supplier to an industry leader with full-stack self-developed core technologies as well as a fully self-developed product matrix.

Since entering the field, Mr. Li has played a pioneering role in advancing China’s industrial robotics industry, from following global trends to gradually taking the lead, through his deep expertise and breakthroughs in the sector. As the driving force behind our technological innovation, Mr. Zhu has led our team to overcome various key industry challenges. Our core team adheres to a “technology commercialization” pathway, directing R&D investment precisely toward frontier areas such as embodied intelligence, while implementing a “specialization + localization” dual-track strategy for global expansion. The strong cohesion and synergy within our stable core team, coupled with their expertise, passion, and forward-looking industry insight, have continuously driven the company’s growth as a market leader.

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In addition, we have received investments from several renowned institutions, such as Northern Light Venture Capital, Eastern Bell Equity and Shuanghuan Driveline as strategic industrial chain investors, forming a powerful upstream and downstream synergy. Their contributions go far beyond financial investment, having simultaneously elevated our brand reputation, deepened our industry insight, and expanded our ability to seize future opportunities through their extensive networks.

GROWTH STRATEGIES

Strengthening research and development capabilities to upgrade core technologies and enhance product competitiveness

Going forward, we will focus on deepening technological R&D across three key dimensions, namely, (i) robotic underlying technologies, (ii) multimodal models, and (iii) robotic “brain” (for central planning), robotic “cerebellum” (for motion execution), as well as core components. This will enable us to achieve technical coverage from industrial intelligent manufacturing to household services, while continuously expanding our product portfolio and application scenarios:

- ***Core underlying robotic technologies:*** We will prioritize R&D efforts into (i) high-lifespan, high-efficiency, and high-safety transmission mechanisms; (ii) high-real-time, high-reliability power electronics hardware; (iii) robot vibration control and suppression technologies; (iv) robot precision and precision maintenance; (v) technologies for robot lifespan, reliability, and safety; and (vi) research into robust processes such as welding, grinding, cutting, and spraying.
- ***Scenario-specific multimodal vertical models:*** For robust process scenarios like welding, spraying, and grinding, we will focus on the development of industry-specific control models and scenario datasets integrating processes and sensors. For assembly scenarios, we will create similar industry control models and datasets combining force and tactile sensors. By fusing multiple sensing capabilities to synergistically process visual, force, and tactile information, we aim to equip robots with near-human judgment and operational capabilities in industrial and household service scenarios. We will also research multi-robot collaboration technologies and build multimodal control models to enable flexible adaptation across scenarios. Through deep integration of AI with processes, robot control, and perception, we will develop simulation data twin software systems, collect industry scenario data, and build a robot computing power platform to achieve cross-platform delivery of multi-category robots.

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Continuous expansion of product portfolio and application scenarios

Through dedicated and ongoing investment in R&D, production, and sales and marketing, we will be positioned to continuously optimize and upgrade our product matrix. Specifically, we plan to further develop large and extra-large payload products for automotive and components, electronics, new energy, and other sectors. We also aim to introduce our products to a broader range of scenarios, with the goal of benefiting occupational groups that we have not covered or have rarely reached before. In the pan-industrial sector, we plan to further expand robot technology applications into construction, agriculture, and other fields. In the commercial services field, we aim to further extend robot applications to improve operational efficiency. For household scenarios, we plan to develop robots for daily chores, companionship, health monitoring, and emotional interaction to meet home-based elderly care needs.

Expand our influence among current and future customers, both domestically and internationally

We plan to continue focusing on key domestic growth industries such as automotive and components, electronics, and new energy. We strive to deepen and consolidate our partnerships with existing clients, further expand our customer base, and provide intelligent industrial robots for more clients and scenarios. In the domestic market, we will intensify marketing efforts and systematically develop our China-based sales network and service teams to strengthen our local market foundation.

In overseas markets, we plan to increase marketing investments and channel development to build a sales and service network covering major counties or regions in the international market. We plan to establish local teams in key international markets and advance our global deployment specifically, we plan to (i) open two demonstration and after-sales service centers in both northern and southern India; (ii) establish several local service centers in North America and Latin America, and set up a combined sales and marketing, and after-sales service center in Europe; and (iii) establish local service centers in Japan, South Korea and Southeast Asia. We aim to complete our overseas localization setup in the near future, creating a “local-for-local” service model through ongoing channel development, key account partnerships, and participation in industry exhibitions. We expect that this approach will help us build a globally integrated yet locally adapted brand presence.

Optimize supply chain and enhance internal operation efficiency

Our production capabilities and production capacity directly impact product quality, delivery efficiency, and market competitiveness. Our Chengdu facility serves as our production base, offering complete in-house production capabilities that ensure full control from research to delivery. We plan to optimize our supply chain and enhance internal operational efficiency. This will be achieved primarily by strengthening our manufacturing capabilities and expanding production capacity, in support of our expansion into both domestic and international markets. Our production expansion initiative involves procurement of equipment, production plant leasing, development of new production lines, and formation of specialized operations and quality teams.

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OUR PRODUCTS

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots (工業機器人), primarily including six-axis industrial robots (六軸工業機器人) and four-axis industrial robots (四軸工業機器人), and selectively expanded into a full series of (ii) collaborative robots (協作機器人) and (iii) embodied intelligent robots (具身智能機器人). Our robotics products offer core strengths in welding while also offering multifunctional capabilities such as cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others. Our robotic products are designed to perform repetitive, high-precision tasks across various industries including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare.

The following table sets forth a breakdown of our revenue by offering type for the years/periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	124,366	63.0	124,738	56.1	122,274	52.2	63,931	55.9	85,781	55.0
– multifunctional	55,885	28.3	72,151	32.4	75,825	32.4	34,226	29.9	40,449	25.9
– Four-axis	4,386	2.2	9,336	4.2	10,597	4.6	3,779	3.3	8,972	5.8
(ii) Collaborative robots	220	0.1	441	0.2	6,229	2.7	2,764	2.4	9,902	6.3
(iii) Embodied intelligent robots	6,113	3.1	8,255	3.7	9,881	4.2	4,793	4.2	6,730	4.3
(iv) Others⁽¹⁾	5,810	3.0	6,618	3.0	8,518	3.6	4,593	4.0	3,702	2.4
Sub-total	196,780	99.7	221,539	99.6	233,324	99.7	114,086	99.7	155,536	99.7
After-sales services	656	0.3	826	0.4	715	0.3	295	0.3	421	0.3
Total revenue	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

Note:

- (1) Primarily represented (i) customized robots for specific industries including five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and uploading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人); and (ii) robot control cabinets tailor-made for customers.

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Industrial Robots

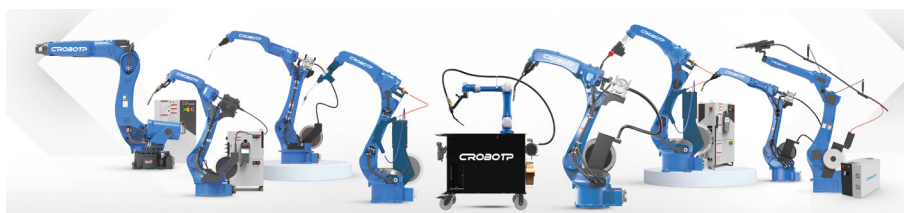
We have categorized our industrial robots into six-axis industrial robots and four-axis industrial robots in terms of structure, and further subcategorized them into various series or models in terms of functionality.

Six-axis industrial robots

Our six-axis industrial robots offer a wide payload capacity ranging from 6 kg to 360 kg with arm spans extending from 700 mm to 3,500 mm. They are designed for welding as well as multi-functional applications, including but not limited to handling, assembly, grinding, palletizing, laser welding, cutting, cladding, quenching, cleaning, and laser-arc hybrid welding.

Six-axis welding industrial robots

The following image illustrates the key product series of our six-axis welding industrial robots.



Our six-axis welding industrial robots are specialized industrial robots engineered to perform automated welding tasks with high precision and consistency. These robots are designed for applications that require repetitive, high-quality welding, such as arc welding and spot welding. The key advantage of our six-axis welding industrial robots lies in their ability to deliver quality welding while significantly increasing production speed and safety. By reducing human exposure to hazardous working conditions, our six-axis welding industrial robots help to create safer, more efficient workplaces and ensure high-quality outputs across various manufacturing processes.

Each of our six-axis welding industrial robots series is designed to meet specific industry needs, providing solutions that improve efficiency, reduce costs, and enhance weld quality across various applications. From general-purpose tasks to high-performance specialized welding, our range of six-axis welding industrial robots is built to support industries facing increasing demands for automation and precision in their manufacturing processes.

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Below are the key product series of our six-axis welding industrial robots, their features, and applications.

- *RH Series*

Our RH Series welding robots are our flagship robotic products designed for various welding functions. With advanced arc welding software that includes swing, seam finding arc tracking, multi-layer welding, and thick plate expert databases, our RH Series welding robots excel in precision and flexibility.

Further, our RH Series welding robots are equipped with a rich set of welding functions, including weaving, seam finding, arc tracking, multi-layer and multi-pass welding, a medium-thick plate expert database, laser tracking, and external axis coordination, enabling them to adapt to various applications. Our RH Series welding robots support up to four external axes and can be expanded to nine external axes after upgrading to specific control cabinet, thereby extending their capabilities in complex production environments.

Our RH Series welding robots are known for their versatility and reliability in heavy-duty applications. They excel in environments that require precision and speed, making them suitable for industries like automotive manufacturing and heavy-duty production. Our RH Series welding robots are particularly effective in applications that demand high repeatability and fast cycle times. Key models in this series include CRP-RH14-10-W, CRP-RH18-20-W, and CRP-RH20-06-W.

- *PRO Series*

Our PRO Series welding robots, with their robust feature set, offer an economical solution for light to medium-duty welding functions. Their user-friendly interface, featuring a newly designed ergonomic vertical teach pendant, allows for quick programming and easy operation.

Our PRO Series welding robots are designed for cost-effective, high-performance welding functions. With integrated features and our self-developed welding machine, our PRO Series balances affordability with functionality, offering excellent value for industries that need efficient, reliable robots at a lower cost. This series is primarily intended for environments where high repeatability is needed for standard welding tasks, but are priced more competitively than high-end models. Key models in this series include CRP-RH14-10-W Pro and CRP-RH20-06-W Pro.

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- *Nynhan Series*

Our Nynhan Series is a high-performance, integrated robot line designed for demanding industrial environments. With a faster cycle time than some domestic competitors by more than 10%, this series is ideal for industries requiring high-speed and high-precision welding operations. Our Nynhan Series is equipped with advanced welding kits, including arc tracking and multi-layer multi-pass welding, to ensure consistent, high-quality results. The series is also capable of integrating with mainstream external laser trackers, enabling intelligent automation solutions for industries such as metal and machining.

Our Nynhan Series stands out with its flexibility and ability to weld a variety of materials, including thin and thick plates. It also includes advanced features such as arc tracking, and a specialized database for different welding scenarios, providing significant improvements in both speed and accuracy compared to domestic competitors. Key models in this series include CRP-RH14-06-W Nynhan, CRP-RH18-06-W Nynhan and CRP-RH21-06-W Nynhan.

- *Laser Welding Series*

Our Laser Welding Series robots are designed for applications that demand the highest precision in welding, such as new energy and sealing component welding. These robots are equipped with a dedicated laser welding head and an integrated control system, enabling high path accuracy even on thin materials such as 0.4 mm ultra-thin sheets. Our Laser Welding Series integrates key features like laser head control, a water-cooling system, and a dedicated user interface to ensure consistent precision in complex welding operations.

Our Laser Welding Series robots are capable of providing superior accuracy, achieving trajectory repeatability within 0.1 mm, and are ideal for intricate components where traditional welding methods might not suffice. Their advanced laser technology also makes them suitable for welding highly reflective materials such as aluminum. Key models in this series include CRP-RA15-12-J, CRP-RA18-20-J and CRP-RA20-12-J.

- *Spot Welding Series*

Our Spot Welding Series robots are designed for demanding applications such as automotive manufacturing and metal structural components. With a maximum payload of 210 kg, a reach of over 2,600 mm, and a repeat positioning accuracy of ± 0.06 mm, our Spot Welding Series combines high rigidity, exceptional stability, and outstanding dynamic response.

Our Spot Welding Series features a hollow wrist design with internal routing for cables and air lines, effectively reducing external interference and enhancing motion smoothness and system reliability. Additionally, equipped with high-overload servo motors and high-precision reducers, along with advanced anti-vibration and trajectory optimization algorithms, it ensures precise, smooth, and shake-free movement of the welding gun, meeting the requirements of high-quality spot welding. Our Spot Welding Series is deeply integrated

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with a dedicated spot welding process package that supports core functions such as pressure calibration, deflection compensation, electrode wear compensation, stick detection, and re-welding logic, significantly improving the control of peripheral equipment by welding robots to improve the level of automation. Suitable for multi-process applications such as spot welding and handling of automotive parts, our Spot Welding Series is an ideal choice for high-efficiency, high-flexibility smart manufacturing.

Six-axis multifunctional industrial robots

The following image illustrates the key product series of our six-axis multifunctional industrial robots.



Our six-axis multifunctional industrial robots feature industry-leading comprehensive product coverage, comprising more than 20 models with payloads ranging from 6 kg to 360 kg and arm spans extending from 700 mm to 3,500 mm.

We have been driving innovation in the field of six-axis multifunctional industrial robots, leading industry development. For instance, while traditional industrial robots typically combine long arm span with heavy payloads, we identified specific industrial scenarios where clients require longer reach without the need for high payload capacity. In response, we developed robots with extended arm span and medium payload capacity in the domestic market, comprehensively addressing client needs.

Our six-axis multifunctional industrial robots also demonstrate core performance advantages. For example, we have raised the Mean Time Between Failures (“**MTBF**”) validation benchmark from 80,000 hours to 100,000 hours. Our products maintain low failure rates and high precision, with Tool Center Point (“**TCP**”) errors controlled within 0.6 mm per robot, which, according to Frost & Sullivan, represents a highly competitive level in the industry.

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Our flagship six-axis multifunctional robot series and models include the following:

- *Light-load Series*

Our Light-load Series multifunctional robots are built specifically for high-efficiency and high-precision automated applications. They are widely used in various scenarios including material handling, loading and unloading, assembly, and gluing. This series covers a reach range from 700 mm to 2,100 mm and a payload range from 7 kg to 10 kg, meeting diverse operational needs.

Our Light-load Series adopts a self-developed software platform, which supports multi-language switching, enables synchronization between logic control and robot movements, as well as reduces the need for external control equipment. This series also supports multi-threaded operation, allowing simultaneous handling of tasks such as visual recognition, trajectory tracking, and palletizing to adapt to complex process scenarios. With a high-rigidity structural design, key axes that adopt gear transmission and direct motor connection, and a lightweight body, our Light-load Series multifunctional robots significantly enhance dynamic response and operational stability. In addition, relying on advanced algorithms like vibration suppression, trajectory smoothing, and adaptive acceleration and deceleration, this series achieves a minimum gantry cycle time of 0.44 seconds and a maximum repeat positioning accuracy of ± 0.03 mm, ensuring high-speed and precise movements. Our Light-load Series multifunctional robots can also be easily integrated and expanded, making them a core piece of equipment for realizing flexible and intelligent production. Key models in this series include CRP-RA09A-07, CRP-RA07A-08, CRP-RA12-10 and CRP-RA21-10.

- *Heavy-load Series*

Our Heavy-load Series stands out for its energy-efficient design, enhanced by a nitrogen gas cylinder for more compact and lightweight functionality and designed for space-constrained environments. This design reduces the robot’s footprint, allowing for higher-density installations and multiple robots to operate in proximity. Ideal for applications in confined spaces, this series features a built-in motor and wrist cabling to minimize interference with surrounding operations, improving overall deployment efficiency. Additionally, the energy-saving mode further reduces operational costs, making this model a more economical option for businesses. Our fully self-developed software system ensures for various applications. Key model in this series includes CRP-RA28-360.

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- *High-rigidity All-purpose Series*

Amid the wave of intelligent manufacturing upgrades, traditional industrial robots often face challenges such as insufficient rigidity, trajectory distortion, and easy vibration-induced tool skipping in high-intensity process scenarios like grinding, cutting, and die casting. To address these issues, we have launched a new series of High-rigidity All-purpose Series. A key innovation of this series is the use of hypoid gears on axes four to six and a high-inertia design on axes one to three, which together double the robot’s overall rigidity. This design ensures high-precision path following even at high speeds. With significant greater overload capacity and built-in collision detection, the robots achieve a 25% to 30% faster cycle time and 30% higher accuracy compared to industry average through proprietary motion control algorithms.

Combining high rigidity, protection, precision, and reliability, our High-rigidity All-purpose Series provides stable and efficient automation for complex applications. They are widely deployed in deburring, polishing, die casting, and cutting within the automotive, hardware, and medical equipment industries. Key models in this series include CRP-RH15-15-HP, CRP-RH18-25-HP and CRP-RH28-35-HP.

Four-axis industrial robots

Our four-axis industrial robot portfolio mainly consists of four-axis palletizing robots (四軸碼垛機器人) and SCARA robots (水平關節機器人), encompassing more than ten different models.

The following image illustrates the key product models of our four-axis industrial robots.



Supported by advanced algorithms and control strategies, our four-axis industrial robots achieve high-speed operation and rapid cycle times. This enables our products to meet the efficiency demands of production lines.

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Four-axis palletizing robots

Our four-axis palletizing robots are specialized robots designed for stacking materials or products in palletizing operations. Through full-stack in-house development of both hardware and software, we have achieved exceptional cost-effectiveness in our four-axis palletizing robots. We have developed highly user-friendly palletizing processes as well as visual and easy-to-use programming software. The series has multiple proven use cases across scenarios such as bagged and boxed goods handling, corrugated material processing, and broken bag unloading.

SCARA robots

Our SCARA robots are known for their high-speed, high-precision movements in horizontal directions, making them suitable for tasks like pick-and-place, assembly, and packaging in small to medium payload applications.

Our SCARA robots adopt a horizontal articulated structure as their main architecture. Through simulation analysis and modular design, they accommodate diverse custom requirements from customers. Furthermore, these robots incorporate high-precision harmonic drives and high-speed servo motors. This enables high-precision and high-efficiency operation across various arm spans and payload ranges. Their compact design allows them to work in tighter spaces, making them ideal for high-speed applications.

Collaborative Robots

Traditional industrial robots typically rely on teach pendant programming, which involves complex programming logic and requires specialized operational expertise. This results in a steep learning curve for users, making it difficult to adapt to flexible production needs such as small-batch, high-variety manufacturing. Furthermore, traditional industrial robots are usually required to operate within isolated and guarded environments, and therefore cannot share workspace with human operators without physical barriers, limiting their applicability in human-robot collaboration scenarios.

Our collaborative robots (協作機器人) are designed to work alongside human operators, enhance safety and efficiency by performing tasks that require human-robot interaction, such as light material handling and assembly tasks. Featuring a lightweight structure design with the lightest model having a total weight of approximately 23 kg, our collaborative robots can be easily deployed across different workstations and enable rapid line changeovers. By incorporating drag-to-teach functionality and a programming handle, our system allows users to intuitively guide the robot for path teaching, significantly reducing programming complexity and enhancing production line setup efficiency. This makes our collaborative robots particularly suitable for small and medium-batch production with frequent changeovers.

In terms of safety, our collaborative robots are equipped with torque limiting and collision detection capabilities. They can promptly detect contact with humans or obstacles and halt movement immediately, enabling safe collaborative operation without the need for safety fences. This significantly expands their applicability in space-constrained environments or scenarios requiring close human-robot interaction.

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Our collaborative robots are ideal for tasks requiring high flexibility and ease of programming, particularly in small-scale or customized production runs. The main advantage of our products is their ability to quickly adjust to different tasks and easily integrate into production lines with minimal setup time.

The following image illustrates our collaborative robots.



Embodied Intelligent Robots

Embodied intelligent robots (具身智能機器人) are designed to bring a higher level of flexibility and intelligence to industrial automation. Unlike traditional robots, which are generally restricted to performing repetitive and structured tasks, embodied intelligent robots integrate human-like capabilities, enabling them to perform complex, dexterous operations in diverse environments. These robots are equipped with advanced sensory systems, mobility, and decision-making capabilities, which allow them to adapt to a wide variety of tasks that traditionally require human intervention. Their primary advantage lies in their ability to handle dynamic, real-world tasks with high flexibility, making them suitable for environments where precision, adaptability, and human-like interaction are essential.

Our series of embodied intelligent robots, including the Lingshuo Industrial Humanoid Robot (靈燦工業人型機器人), the Lingxun Industrial AI Composite Robot (靈迅工業AI複合機器人), the LH Series and industrial embodied intelligent robot, are designed to meet the demands of next-generation intelligent manufacturing. These robots integrate environmental perception, autonomous decision-making, and precise execution, enabling them to comprehend tasks, adapt to dynamic environments, and collaborate with existing industrial equipment. They are deployed in a range of complex processes, including assembly, material handling, precision machining, quality inspection, grinding, and equipment maintenance, particularly in harsh environments unsuited for prolonged human presence, such as those with high temperatures, intense arc light, or high dust levels. By effectively replacing manual labor, our series of embodied intelligent robots enhance production flexibility and operational safety.

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Lingshuo Industrial Humanoid Robot

The key features of our Lingshuo Industrial Humanoid Robot include:

- *Humanoid design* – Our robot consists of a wheeled base and dual arms, adopting a column-type lifting mechanism with heavy-load capability. Its total height is adjustable between 1.5 m and 1.66 m, with a total weight of 85 kg. The humanoid-inspired dual arms have a span of 1.89 m, each with a rated payload of 3.0 kg. The body possesses 21 degrees of freedom (excluding dexterous hands). Each arm is equipped with an 11-joint dexterous hand with seven active degrees of freedom, enabling flexible motion in both the torso and fingers.
- *High-performance “brain”* – Our Lingshuo Industrial Humanoid Robot is powered by a high-performance “brain” capable of 275 Tera Operations Per Second (“**TOPS**”) computing power. Our product incorporates multiple binocular vision cameras in the head, chest, and back, covering a wide range of front-to-rear and near-to-far fields of view. This allows accurate positioning and posture estimation of target objects. Integrated with large AI models and multi-dimensional sensory data, our Lingshuo Industrial Humanoid Robot achieves real-time interactive perception, significantly enhancing adaptability in complex and dynamic environments and unlocking new potential for human-robot collaboration.
- *Wheeled Mobile Base Design* – The wheeled mobile base design of our Lingshuo Industrial Humanoid Robot enables autonomous navigation and obstacle avoidance. It can climb slopes of up to 10 degrees, easily traverse obstacles 18 mm in height and 35 mm in length, and operate at a maximum average speed of approximately 1.0 m/s. With a battery life of up to eight hours, our Lingshuo Industrial Humanoid Robot ensures uninterrupted operation throughout standard production shifts in application scenarios, significantly improving operational efficiency.
- *Industrial-Grade High Precision Performance* – The dual arms of our Lingshuo Industrial Humanoid Robot incorporate integrated joint modules with zero-backlash harmonic drives. With dual encoders providing 24-bit resolution, the system delivers industrial-grade high-precision positioning. Equipped with joint torque sensors and a six-axis force sensor at the end-effector, our Lingshuo Industrial Humanoid Robot achieves compliant force control and real-time impedance adjustment. Combined with 12-degree-of-freedom dexterous hands, our Lingshuo Industrial Humanoid Robot can perform precise tasks, such as handling, sorting, assembly, polishing, and quality inspection independently or collaboratively with high safety and reliability. This innovation embodies our human-centric approach to technology, enhancing both quality and productivity.

Lingxun Industrial AI Composite Robot

Our Lingxun Industrial AI Composite Robot utilizes VR teleoperation teaching and virtual reinforcement learning. After fine-tuning and optimization, these capabilities are deployed to the robot terminal, significantly reducing training time and enabling smooth and flexible motion. Moreover,

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compared to conventional humanoid robots, the production cost of our Lingxun Industrial AI Composite Robot can be reduced by approximately two-thirds. Such cost efficiency allows our product to effectively increase its number of applications and creates favorable conditions for large-scale adoption in factory settings.

The key features of our Lingxun industrial AI composite robot include:

- *Advanced Integrated Design* – Our Lingxun Industrial AI Composite Robot adopts a multi-component architecture combining an Automated Guided Vehicle (“AGV”), a collaborative robotic arm, an end effector, wrist vision, and global vision systems. It enables rapid end-effector switching and seamless transitions between process nodes and high-frequency repetitive stations, such as precision welding, material sorting, and fixture loading and unloading.
- *Multi-Agent Collaborative Capability* – In industrial environments, functional tasks on production lines require embodied intelligent robots to perform both standalone closed-loop operations and coordinated multi-agent collaboration. When users deploy super-smart agents with self-contained operational capabilities on the production line, the agents of our Lingxun Industrial AI Composite Robot can collaborate across different functional roles, enabling full-process operational closure and end-to-end automation.
- *AI Visual Recognition* – Leveraging AI vision, our Lingxun Industrial AI Composite Robot can autonomously identify the type, position, and orientation of welding pieces, perform grasping and placement tasks, and coordinate with collaborative robots at the same workstation to execute welding operations.
- *Intelligent Decision-Making and Execution* – Our Lingxun Industrial AI Composite Robot is equipped with a Vision-Language-Action (“VLA”) model. Trained on our extensive welding expertise database and multi-modal data, it leverages deep learning of welding theory and processes to perform tasks such as weld seam recognition, workpiece status identification, dynamic adjustment of welding posture and arm motion, and automatic tuning of welding parameters, such as speed, current and angles.



Lingshuo Industrial Humanoid Robot



Lingxun Industrial AI Composite Robot

BUSINESS

LH Series

Our LH series specializes in the cold arc transition welding technology, which reduces the overall heat input and provides high-performance welding solutions. This technology is particularly suitable for industries that use thin or delicate materials such as copper. Our LH series reduces spatter and improves weld quality by controlling the arc more precisely than products equipped with traditional welding techniques, making it ideal for industries like automotive manufacturing, where high-quality welds are critical.

Industrial embodied intelligent robot

Industrial embodied intelligent robots deeply integrate the robot body, high-precision sensors (such as 3D vision and torque feedback), external execution equipment, and intelligent control systems. This integration enables capabilities including environmental perception, autonomous decision-making, and dynamic execution. For example, industrial embodied intelligent robots can recognize workpiece position, posture, and features in real time, adaptively adjust process parameters and motion trajectories, and respond flexibly to production variations. Industrial embodied intelligence not only overcomes the application limitations of traditional robots but also significantly enhances manufacturing flexibility, operational accuracy, and automation levels, providing robust technical support for the upgrade of intelligent manufacturing.

Major Downstream Industries and Market Opportunity

Our industrial robotic products are widely deployed across diverse sectors, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. According to Frost & Sullivan, in terms of revenue in 2024, we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

Listed below are selected examples of the downstream industries that our products serve. For more information on addressable markets of our robotic products, please refer to “Industry Overview – Analysis of Industrial Robotics and Intelligent Industrial Robotics Market – Market Size of Industrial Robotics Market” in this document.

Selected example of downstream industry – metal and machining

As advised by Frost & Sullivan, our products can successfully cover most industrial application scenarios.

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In the metal and machining industry, our robotic products have brought substantial benefits to manufacturers aiming to enhance precision and efficiency through robotic welding, cutting and machining. Looking ahead, we intend to further penetrate emerging markets, including the shipping industry, delivering autonomous solutions for applications such as welding, cutting and grinding of the hull and its core components.

According to Frost & Sullivan, the metal and machining sector has maintained strong momentum, expanding from RMB3.4 billion in 2020 to RMB4.8 billion in 2024, reflecting a CAGR of 8.7%. Growth is supported by manufacturers seeking to enhance precision and efficiency through robotic welding, cutting, and machining to address rising labor costs and skilled worker shortages. This sector is projected to reach RMB9.5 billion by 2029, with a CAGR of 15.5% from 2025, as industrial upgrades and demand for high-quality manufacturing continue to drive adoption.

Selected example of downstream industry – automotive and components

We have focused on the supply chain for companies manufacturing automotive and components in recent years, especially in the new energy vehicle sector.

According to Frost & Sullivan, automotive and components remained the largest sector in industrial robotics market, fueled by China’s leadership in electric vehicle production and automotive assembly automation. Its market size grew from RMB12.5 billion in 2020 to RMB20.2 billion in 2024 with a CAGR of 12.7%, and is projected to reach RMB41.3 billion by 2029 with a CAGR of 16.1%, driven by electric vehicle battery assembly and lightweight component handling.

Our products cover various applications in this field, mastering key processes such as body welding, chassis assembly, and vehicle door positioning, and handling core components such as automotive sheet metal and pipelines. We plan to fully cover this sector with our advanced welding robot and other products in the next three years, gradually positioning ourselves as a comprehensive competitor with a full product range in the automotive industry.

Selected example of downstream industry – electronics

Our robots are applied in precision operations for components in mobile phones, laptops and other electronics. Especially, our six-axis industrial robots are specifically designed to meet the stringent requirements of this sector, providing solutions for complex assemblies and high-precision tasks.

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According to Frost & Sullivan, consumer electronics demonstrated steady growth, with market size expanding from RMB6.9 billion in 2020 to RMB8.9 billion in 2024 with a CAGR of 6.4%, supported by demand for smartphones, wearables, and the development of automated assembly. This sector is forecasted to grow to RMB15.6 billion by 2029 with a CAGR of 12.6%, driven by 5G adoption and miniaturization trends of components.

The need for higher efficiency, precision, and automation is driving the adoption of robotic products in the electronics industry. As demand for electronic devices continues to grow, particularly in emerging markets, the application of welding and multifunctional robots are expected to ensure consistent product quality and faster production times.

COMMERCIALIZATION

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots, primarily including six-axis industrial robots and four-axis industrial robots, and selectively expanded into a full series of (ii) collaborative robots and (iii) embodied intelligent robots. We have adopted a transaction-based model for the sales of our robotics products.

The table below sets out a summary of how our robot portfolio falls within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialty Technology Product	Relevant Specialist Technology Industry Sector	Major Function Analysis	Major Customer and Customer Demand Driver
Our robotic products. During the Track Record Period, they were mainly comprised of:	Robotics and automation (robot technology)	Our revenue model is primarily based on product sales of individual robots as well as after-sales services. The sales of robotic products are conducted through a combination of direct sales to system integrators and end customers, and, to a lesser extent, distributors who purchase our products for resale. For more information, please refer to “– Sales, Marketing and Customers – Sales Models” below.	Our customer base spans across various industries, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. The demand for our robotic products is driven by several key factors, including increased automation, and the need for high-precision manufacturing. For further details of industry background of our major customers during the Track Record Period, please refer to “– Sales, Marketing and Customers – Our Customers” below.
(i) Industrial robots			
(ii) Collaborative robots			
(iii) Embodied intelligent robots			

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Specialty Technology Product	Relevant Specialist Technology Industry Sector	Major Function Analysis	Major Customer and Customer Demand Driver
		Leveraging our full-stack R&D capabilities and proprietary technologies, our robots meet the high standards of precision, reliability, and flexibility required by modern manufacturing systems. For further details, please refer to “– Our Products” above.	As industrial businesses strive for greater efficiency and quality, robotics technology plays a crucial role in optimizing production lines and improving operational flexibility. For further details of our products as well as their major applications in downstream sectors and corresponding market opportunities, please refer to “– Our Products” above and “– Overview – Our Fully Self-developed Product Matrix and Comprehensive Application Scenarios” above. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, with a strong foothold in China. Additionally, the global push for automation in manufacturing and the growing emphasis on smart factories contribute to the expanding market for industrial robots. Our company is well-positioned to capture this demand through our innovative products and long-term customer relationships. We will intensify marketing to systematically develop sales and service networks in China, while building a global presence through local teams in key overseas markets. For further details about our market expansion strategies, please refer to “– Overview – Our Market Presence”, “– Growth Strategies – Expand our influence among current and future customers, both domestically and internationally” and “Future Plans and [REDACTED]”.

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Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the information above, each of our robotic products, mainly comprised of industrial robots, collaborative robots, and embodied intelligent robots during the Track Record Period, fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules.

OUR CORE TECHNOLOGIES

Scalable Robotic Control Software from Underlying Layer to Cloud

We have launched a robot operating system tailored to China’s industrial scenarios, which integrates process libraries for welding, cutting, polishing, spot welding, stamping, spraying, and bending. Combined with our parameter scenario-adaptive algorithms, our products achieve “plug-and-play” functionality across multiple industrial settings. According to Frost & Sullivan, our robotic control software leads in the industry in process adaptability and user-friendliness.

Built around our core operating system, our software provides full-chain coverage from hardware to OS to application to cloud, enabling us to offer one-stop services without relying on third-party systems. Additionally, our system’s modular, multi-language, and extensible architecture ensures high scalability, enabling our robots to seamlessly adapt to multiple industrial environments. Furthermore, our system supports comprehensive applications, enabling online or offline programming, operation free of venue restrictions, and covering the full cycle from R&D to production and operations.

Core Technologies that Ensure Outstanding Performance in Positioning Accuracy, Path Accuracy, and Cycle Time

We hold significant advantages in the three key dimensions used to evaluate industrial robot performance.

Positioning accuracy

We achieve full-chain high-precision control. For each robot model, we build customized dynamic models. Through kinematic and dynamic algorithms, we implement full-scenario adaptive compensation to handle varying loads and installation conditions, significantly outperforming traditional single-parameter compensation methods.

We developed a “20-point multidimensional spatial mapping algorithm” and a high-precision calibration system, which has enhanced absolute positioning accuracy by 5 to 10 times to 0.1 mm level. According to Frost & Sullivan, our industrial robots’ full-chain precision controller is leading in the industry. Our LH and RH series have achieved breakthroughs in repeatability, with trajectory reproduction errors no more than 0.05 mm, demonstrating industry-leading performance.

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Path accuracy

We ensure stable path reproduction under complex conditions and meet high-precision demands. For low-speed applications affected by friction and environmental interference, such as laser cladding, we have established a speed-friction correlation model and harmonic injection. This model reduces trajectory deviation from ± 0.29 mm to ± 0.15 mm, enabling successful application in multiple laser cutting scenarios. Moreover, to enhance dynamic trajectory optimization, we have developed an integrated control-drive electronic unit. It adjusts trajectories in real time, making it well-suited for processes such as laser cutting and precision welding.

Cycle time

We strike a balance between high speed and stability. By using dynamic algorithms, adaptive parameters, vibration suppression, and faster convergence, we have been able to improve positioning and efficiency of our products. Through system-level coordination and more than 20 innovations, we reduced cycle time by over 30% compared to our previous generation of robot series, while maintaining end-effector vibration amplitudes within 0.1 mm.

Advanced Hardware Control Architecture

Leveraging our strong independent R&D capabilities, we have developed an innovative centralized hardware control architecture for robotic products in China. Our system adopts a centralized layout that integrates the main controller and servo drives, providing an efficient foundation for motion control and leading an industry-wide efficiency upgrade. Furthermore, we have developed integrated control technology that seamlessly combines robots, control systems, and welding machines into a unified unit. This integration enables more precise welding control and enhanced operational efficiency, allowing our robots to meet the demanding requirements of high-speed, high-precision, high-end welding applications.

A Full-chain Technology System of Welding Power Sources

We have developed a full-chain technology system for welding power sources, covering hardware structure, software collaboration, algorithm innovation, process breakthroughs, and product implementation. This unique synergetic approach enables us to achieve low spatter, improve welding efficiency, and enhance broad workpiece compatibility.

Our robotic welding systems are built upon a proprietary topology and control architecture that enables high-resolution waveform control. This supports stable welding of plates ranging from 0.4 mm to 3 mm and above while minimizing deviation. At the hardware level, specialized integrated circuits for arc sustaining and neck-shrink detection suppress spatter and ensure arc continuity, while optimized high-frequency transformers balance heat dissipation and insulation. Dedicated hardware designs prevent deformation, and a dust-proof construction enhances durability. Complementing this hardware, our software extracts and analyzes waveform features to quantify welding stability. Furthermore, our suite of algorithms focuses on automation and precision, namely, an automated wire-stick detection and recovery system, a waveform feature extraction algorithm for objective quality assessment, and a dynamic current adjustment algorithm that enables stable, low-spatter welding through real-time optimization.

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Multi-scenario Welding Processes

We developed a series of welding processes covering diverse materials and thicknesses, from ultra-thin to thick plates.

Process Type	Key Features and Applicable Scenarios
Cold Metal Transfer (“CMT”)	Suitable for carbon steel, stainless steel, copper, and aluminum alloys
Hybrid waveform process	Combines short-circuit and pulsed arcs for high-speed “fish-scale” welds with enhanced aesthetics.
Positive and negative connection low-spatter process	Supports ultra-thin plate (0.35–0.6 mm) welding with low spatter and stable penetration.
Long/short arc pulse process	Suitable for carbon steel, aluminum, stainless steel; adjustable arc length for deeper penetration or reduced spatter.

Synergistic Optimization of Mechanical Performance in Stiffness, Lifespan, and Cost

- *Simulation predictions:* We utilize finite element analysis and rigid-flexible coupling models to evaluate the robotic arm’s structural strength, stiffness, and modal characteristics during the design phase, shortening development cycles and reducing trial costs. Through co-simulation, we replicate motion and vibration states to precisely optimize dynamic parameters, ensuring a high-stiffness foundation. Thermal and vibration simulations for control cabinets and robot bodies help identify weak points for iterative refinement, preventing costly late-stage failures and supporting data-driven long-life insights.
- *Design innovations:* We adopt a high-rigidity structural design, including the use of a RV reducer with variable tooth thickness gears, which increases the single-joint rigidity by 70% and effectively enhances the rigidity limitations of traditional synchronous belt transmission.
- *Customized components:* We incorporate a range of tailored components to enhance performance and cost efficiency. For example, customized harmonic drives with enlarged inner bores lower customization costs for welding torches. Customized double-support RV reducers achieve 1.5 times increase in speed ratio while reducing unit costs.

By integrating simulation predictions, design innovations, and customized components, our products achieve a 70% increase in mechanical rigidity, a lifespan of up to 20 million cycles, and an 100,000 hours MTBF, meeting both extreme working conditions and mass-production demands.

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Robotic Sensor Fusion and Intelligence

We have made key breakthroughs in three core technology areas of robotic sensor fusion and intelligence, namely, high-precision calibration, weld seam recognition and trajectory planning, and cross-scenario visual adaptation. These breakthroughs address core pain points of traditional robots in accuracy, stability, and adaptability. Our integrated technology system has been deployed across industries such as automotive components, steel structures, and grain processing, replacing imported robotic products and enabling intelligent production with high precision, efficiency, and adaptability.

- *High-precision calibration technology:* We have innovated high-precision calibration methods for robots and 3D cameras, using sub-pixel edge positioning technology to achieve a circle center positioning accuracy of 0.1 mm. We achieve calibration accuracy with angular error within 0.05 degree and positional error within 0.36 mm, over three times more accurate than our previous algorithms. Vision calibration technology incorporating digital model data achieves 98% accuracy in wheel hub type recognition and positioning errors within ± 0.2 mm.
- *Welding intelligence:* We have built a dual-mode perception system combining “laser vision + arc tracking” to monitor the welding process comprehensively. Using line laser point cloud imaging for 3D workpiece modeling, we address seam deviation caused by assembly errors and welding deformation. Our arc current data analysis algorithm measures groove gap in real time and dynamically adjusts torch position, enabling automated multi-layer, multi-pass weld planning. This replaces traditional teaching methods that some of our customers employ, reducing switching time by 80%. As for specialized scenarios such as power steel pipe towers and angle steel towers, simply entering workpiece parameters automatically calculates the positioner angle and welding path.
- *Cross-scenario visual application:* We have developed specialized processing modules to counter interference from reflection and noise, maintaining feature extraction accuracy above 95% under diverse working conditions. For instance, our system completes image capture and trajectory prediction in milliseconds, enabling coordinated dynamic grasping by multiple robots on production lines, with positioning errors within 1.0 mm. Our grain defect detection system uses dedicated visual recognition algorithms and builds classification models based on features of grains such as rice and wheat, enabling robots to achieve a fully automated feeding – inspection – discharge process, with a defect recognition rate of no less than 99.5%.

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RESEARCH AND DEVELOPMENT

We have established a robust and dynamic R&D framework that are central to our mission to lead the industrial robotics sector. Our R&D efforts are focused on advancing key technologies in robot control systems, motion control, and mechanical transmission, with particular emphasis on creating high-performance industrial robots, collaborative robots, and embodied intelligent robots. We adopts a collaborative approach that integrates cross-disciplinary research to ensure our products maintain their technological leadership across various industrial applications. Through continuous technological innovation and in-house development, we aim to enhance the precision, reliability, and flexibility of our products to meet the diverse needs of modern manufacturing systems. During the Track Record Period, our research and development expenses amount to RMB33.9 million, RMB36.0 million, RMB36.0 million, RMB18.2 million and RMB18.1 million for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 17.1%, 16.2%, 15.4%, 15.9% and 11.6% of our total revenue for the same years or period, respectively.

We insist on in-house research and development and did not engage in any outsourced R&D activities that were material to our R&D operations during the Track Record Period. In addition, we have not in-licensed any material intellectual property rights.

Our R&D Process

Our R&D process follows a structured approach, from concept development to product launch, ensuring that all projects meet technical, quality, and timeline expectations.

Each project undergoes the following stages:

- ***Market and technical research:*** At this stage, we determine the objectives, rationale, and feasibility of the project. We start by understanding and recording customer needs and technological trends. After compiling information collected, our product department will arrange for internal discussion and review. Only those initiatives passing this internal reviewing process will proceed to the next stage.
- ***Product definition and design:*** At this stage, the project manager will be responsible for establishing functional and technical requirements, formulating detailed design specifications to ensure alignment with business objectives and guiding subsequent development activities. Technical milestones and development timelines are also defined at this stage to ensure the product development lifecycle to be orderly progressed.

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- **Prototyping and testing:** Upon successful validation of the prototype, the project manager submits a pilot production request to the operations center. Upon approval, the project proceeds to the pilot production phase, where relevant personnel from the R&D team, such as designated staff from the robot process group, electrical group, and drive and control department, are responsible for carrying out the corresponding pilot production tasks.
- **Commercialization:** Once pilot products are introduced into the market, the project enters the trial-use phase. During this stage, the technical services department is responsible for collecting trial-use reports to evaluate product performance and user feedback, thereby informing decisions for mass production and broader market delivery.

Each project usually takes six months to one and a half years, depending on its specific nature. While iterations of existing products may take six months, projects that are with entirely new products typically take longer.

During each phase, various departments, including those focusing on mechanical, electrical, software, and algorithms, collaborate to ensure that the product meets all functional and performance standards. We have also adopted various project management tools such as “OpenProject” and “OA”, allowing us to track the progress of each project in a timely and systematic manner.

Our R&D Team and Core Members

As of the Latest Practicable Date, we have developed a R&D team comprising of 137 personnel, including experts specializing in robotics, electronics, software, mechanical engineering, scenario application, algorithm and craftsmanship.

The following table sets forth the details of our core R&D members.

Our R&D team has been led by Mr. Zhu, who has led our team to overcome various key industry challenges. For profile of Mr. Zhu and other key persons in senior and management team, please refer to “Directors and Senior Management” section in this document.

Our other core members in R&D team including:

Mr. Chen Hui (陳輝), who obtained his master’s degree in Control Theory and Control Engineering (控制理論與控制工程) from the University of Electronic Science and Technology of China in 2008. He joined us in January 2017 and has been primarily engaged in the research and development of drive and control systems for industrial robots and collaborative robots. During his tenure, he has been granted various invention patents and utility model patents. In terms of R&D achievements, Mr. Chen has led the progress to successfully develop integrated drive and control system platforms for industrial robots as well as power component.

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Mr. Xu Chunke (徐純科), who held a master’s degree and holds the professional title of Senior Engineer. He graduated from Shenyang University of Technology in 2010 with a major in Power Electronics and Electric Drive. He is currently responsible for the research and development of embedded software in our R&D team. Mr. Xu has served as the project lead for several national and provincial research initiatives, collaborating with universities and industry partners to tackle cutting-edge robotics challenges. He also participates in joint talent development programs with universities. Mr. Xu has been recognized with several honors, including the Chengdu “Dongjiao Yingcai (東驕英才)” Award, the Chengdu “The National May 1 Labor Medal (五一勞動獎章)”, the Sichuan Enterprise Technological Innovation Outstanding Contribution Award, and the Chongqing Science and Technology Award (Third Prize).

Mr. Long Yan (龍燕), who joined us in 2019 and currently serves as the manager of our software development department, leading the overall architecture design and core development of our new-generation control system software platform. He leads our R&D team in building this platform successfully implemented it across our full product series, establishing it as the core control system for our new generation robotic products and enhancing our technological competitiveness and market position. In addition, he has led the development of multiple supporting software systems to enhance the performance of our intelligent industrial robots.

Mr. Yang Jinqiao (楊金橋), who obtained his master’s degree in Control Engineering from Zhejiang University of Technology. He has approximately ten years of experience in the field of industrial robotics, specializing in robot motion control algorithms, and has been granted several invention patents as the primary inventor. During his tenure, Mr. Yang has led the development of key robotic systems such as the High-Accuracy Absolute Position Calibration System and the Advanced Motion Control System, and has been responsible for core algorithms including kinematics and dynamics for multiple robot structures.

We regard our R&D team, along with the technical innovations they deliver, as the driving force behind our long-term business growth and have consistently strived to offer them robust support, both in their professional work and across other aspects of their personal roles. We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in training programs to upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us. We generally recruit candidates via, among others, online recruitment, internal referrals and employment agencies. With respect to our key R&D personnel, we primarily focus on their relevant technical expertise and industry experience, while also valuing other qualities such as self-motivation, growth potential, and teamwork capabilities.

The key terms of agreements with management and technical staff are set out below.

- *No conflict:* During the employment, the employee shall not engage in any other job, whether full-time or part-time without our consent.

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- *Ownership of intellectual property rights:* Any work product created by employees during their employment as a result of performing their duties or primarily utilizing our materials and technological equipment, and business information, among other things, including trade secrets, shall belong to us. We have the right to use or transfer the aforementioned intellectual property. Employees shall actively provide all necessary information, materials, and research, and take all necessary actions to assist us in obtaining and exercising the relevant intellectual property rights.
- *Confidentiality:* Employees shall undertake not to disclose or use any confidential information to any third party.
- *Non-competition and non-solicitation:* We reserve the right to unilaterally impose a non-competition period of up to two years following the termination of employment, with appropriate compensation provided accordingly. During the term of employment and the non-competition period imposed by us, the employee shall not engage in any competitive behavior, and they shall not solicit or attempt to solicit our employees to leave their employment.

INTELLECTUAL PROPERTIES

We depend on our proprietary technologies and production know-how to maintain a competitive market position. Our R&D activities are critical sources of intellectual property, enabling us to create innovative robotic products and securing our market position. We are committed to protecting our intellectual property, which forms the foundation of our product offerings and manufacturing processes.

We adopt a proactive approach to intellectual property protection, regularly applying for patents for commercially significant developments. Our portfolio of intellectual property covers core technologies used in our products, as well as various aspects of product design and manufacturing processes.

Our intellectual property portfolio includes a diverse range of assets designed to protect our proprietary technologies and innovations. These include:

- **Patents:** We hold a robust portfolio of invention patents and utility model patents covering critical components of our robotic products. Our patents primarily cover technologies related to robot control systems, servo drive systems, and mechanical transmission mechanisms used in our industrial robots.
- **Software copyrights:** We have developed and protected various software systems integral to our robots, including control software for motion management and AI-driven systems for robotic collaboration.
- **Trademarks:** We have registered trademarks for our key products, and continue to expand our trademark portfolio globally, particularly in regions where we are actively selling or planning to enter.

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We hold a robust portfolio of intellectual property rights primarily in PRC. As of the Latest Practicable Date, we had (i) 297 patents, including 62 invention patents, 117 utility model patents and 118 design patents; and (ii) 42 software copyrights in PRC. Additionally, we had 108 registered trademarks worldwide. Almost all of our material intellectual property rights are distributed across our robotic products, covering both hardware and software such as robot bodies, control technologies, servo drive technologies, process solutions, and end effectors. We self-developed and self-owned all of our material intellectual property rights for our robotic products. The following table demonstrates patents and software copyrights which we consider to be material to our robotic products:

Patents

Name of Patent	Patent Type	Jurisdiction	Authorization Date	Status
Training Method and Operational State Detection Method for Support Vector Data Description Model (支持向量數據描述模型的訓練方法及運行狀態檢測方法)	Invention	China	October 18, 2024	Valid
An Inverse Solution Method for a Seven-axis Robot and the Seven-axis Robot (一種七軸機器人逆解方法及七軸機器人)	Invention	China	December 19, 2023	Valid
Multi-Axis Motion Control Method for Industrial Robots (工業機器人的多軸運動控制方法)	Invention	China	April 1, 2015	Valid
Consistency Compensation Method for Robotic Manipulators (用於機器人機械臂的一致性補償方法)	Invention	China	October 29, 2021	Valid
A Method for Optimizing Joint Motion Trajectories Based on Robot Dynamics (一種基於機器人動力學的關節運動軌跡優化方法)	Invention	China	March 5, 2021	Valid
A Method for Detecting the Stability of Short-Circuit Transition Welding (一種短路過渡焊接的穩定性檢測方法)	Invention	China	May 9, 2023	Valid
Robot Joint Friction Compensation Adjustment Method, Robot Friction Compensation Method (機器人關節摩擦力補償調節方法、機器人摩擦力補償方法)	Invention	China	May 9, 2023	Valid
A Harmonic Drive for Industrial Robots (一種工業機器人用諧波減速器)	Utility model	China	December 27, 2019	Valid
An Integrated Drive-Control System (一種驅控結合一體式控制系統)	Utility model	China	December 3, 2019	Valid

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Name of Patent	Patent Type	Jurisdiction	Authorization Date	Status
A Dual-Encoder Collaborative Robot Joint (一種雙編碼器協作機器人關節)	Utility model	China	August 2, 2024	Valid
A Humanoid Robot Joint (一種人型機器人關節)	Utility model	China	August 2, 2024	Valid
Collaborative Robots with Torque Sensors (協作機器人用力矩傳感器)	Design	China	April 29, 2022	Valid
Robot Welding Torch Servo Wire Feeding Device (機器人用焊槍伺服送絲裝置)	Design	China	May 9, 2023	Valid

Software copyrights

Name of Software copyright	Version	Jurisdiction	Registration Date	Status
Welding Tracking Sensor System (焊接跟蹤傳感系統)	V1.0	China	January 15, 2018	Valid
Collaborative Robots System (協作機器人系統)	V1.0	China	November 14, 2018	Valid
3D Vision Robots System (3D視覺機器人系統)	V1.0	China	July 1, 2019	Valid
Welding Machine Power Software (焊機電源軟件)	V1.0	China	July 4, 2022	Valid
Crobotp Smart Cloud Operations Management System (卡諾普智慧雲運營管理系統)	V1.0	China	March 17, 2023	Valid
Industrial Robots Control System (工業機器人控制系統)	V3.0	China	November 21, 2024	Valid
Industrial Robots Servo System (工業機器人伺服系統)	V2.0	China	November 21, 2024	Valid

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All intellectual property underpinning our technological developments has been created through internal innovation and R&D efforts. We have not acquired intellectual property from third parties, nor do we rely on third-party licensing arrangements for our core technologies. To maintain our core intellectual property barriers, we consistently apply for patents as part of our technology commercialization strategy. We have implemented confidentiality agreements with employees and partners to protect our intellectual property during the development phase.

Looking ahead, we plan to continue expanding our intellectual property portfolio to support our growth and technological leadership in the industrial robotics market. As we develop new product lines, particularly in collaborative robotics and embodied intelligent robots, we expect to file additional patents and expand our software and trademark registrations. Apart from trademarks that we are currently pursuing, we plan to file more than 200 IP applications within the next three to five years, focusing strategically on invention and utility model patents. Our aim is to ensure that the number of invention and utility model patents is no less than 80% of the total number of applications in a specific year. For further details about our R&D strategies, please also refer to “– Growth Strategies” and “Future Plans and [REDACTED]”.

As advised by our PRC Legal Advisers, pursuant to the Patent Law of the People’s Republic of China (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions and efforts, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations.

We may rely, under certain circumstances, on trade secret and/or confidential information to protect aspects of our industrial robots. Confidential clauses and/or intellectual property ownership clauses are generally incorporated into our contracts with partners and employees. However, these agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our proprietary products without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises as well as physical and electronic security of our information technology systems. Despite any measures taken to protect our data and intellectual property, unauthorized parties may attempt to or successfully gain access to and use information that we regard as proprietary. See the paragraphs headed “Risk Factors – Risks Relating to the Research and Development and Intellectual Property Rights in Our Products” for a description of risks related to our intellectual property.

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During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any legal claims or proceedings that may have an influence on our R&D for any of our key robotic products. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement of third parties’ intellectual property rights.

OUR PRODUCTION

Our production capabilities primarily support the assembly, as well as the integration and testing of our robotic products. To keep up with the increasing demand for our products, we have also enhanced human-robot collaboration in certain stages of our production process. For example, robots assist in specific processes during the assembly stage, such as laser cleaning and screw fastening. This model ensures that we can scale production during periods of high demand while maintaining stringent quality standards across all our products.

Production Facilities

As of June 30, 2025, we operated one self-owned production site located in Chengdu, Sichuan Province, China, covering a total gross floor area of approximately 35,155.85 square meters. This facility is primarily used for the assembly, integration, and system-level testing of our robotic products.

Our production facility is equipped with advanced tools and technologies designed for high-precision manufacturing, ensuring that all products meet our quality standards. Our production facility also serves as the primary site for industrial robot systems and robot electrical control systems used in our robotic products.

Notably, we utilize our independently developed “50-Point Laser Calibration System,” which employs cutting-edge laser measurement technology to construct a 3D spatial coordinate system with 50 high-density calibration reference points. By leveraging the laser’s high collimation and precise positioning capabilities, it achieves micron-level calibration of motion trajectories and joint precision, ensuring millimetric accuracy in complex scenarios to ultimately improve the robot’s operational accuracy, trajectory consistency, stability, and reliability.

As for the assembling of robot components, we have adopted a fully streamlined operation model. From the entry of components into the production line to the completion of finished products, each robot is accompanied by a standard work instruction that sets out the specifications for each step of the process, ensuring consistent quality in mass production.

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Set out below is details of our design capacity, actual production output, and utilization rate of our robotic products during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
Design capacity ⁽¹⁾ (units per period, rounded to hundreds)	4,000	4,500	5,000	2,500	4,000
Production Volume ⁽²⁾ (units, rounded to hundreds)	3,300	3,500	3,800	2,000	3,000
Utilization rate ⁽³⁾ (%)	82.5	77.8	76.0	80.0	75.0

Notes:

- (1) The designed capacity for each period is calculated based on the hourly capacity and the operating hours of relevant product lines for such period. During the Track Record Period, the operating hours are calculated by multiplying eight hours per day by the number of working days in the period (24 days per month), with each year approximately based on 288 working days per year or 144 working days per half-year.
- (2) The production volume refers to the actual output for the relevant period.
- (3) Utilization rate is calculated by dividing the actual production volume by the designed production capacity for the relevant period.

Machinery and equipment

Our in-house production is supported by specialized equipment and production tools, which are used for tasks such as robot assembly, integration, testing, and quality control. These typically include:

- Automated assembly lines for assembling core robotic units.
- Precision testing equipment for evaluating robot performance, including motion accuracy and functionality.
- Burn-in tests that simulates the actual working environment and operating condition of robots to verify their performance stability and reliability after long-term use in advance.

We continuously evaluate and upgrade our equipment to ensure that it remains aligned with evolving product design requirements. While certain tasks, such as basic component assembly, are performed manually or semi-automatically, key operations, such as the instalment of PCBA, are automated to ensure consistency and precision.

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The table below sets forth key machinery and equipment used in our production process:

<u>Name of Machinery/Equipment</u>	<u>Description</u>
Automated Cable Testing Bench	Serves as the core testing hub for the “neural network” of robots, custom-designed for cable harnesses. It enables fully automated testing of cable conductivity, insulation, and signal transmission stability, ensuring the reliability of control signals and power transmission from the source.
Fully Automated Painting Line	Realizes full-process automation of surface spraying. Equipped with highly flexible spraying robotic arms, a constant temperature and humidity spraying chamber, and an eco-friendly coating supply system, it can automatically adjust the spraying path and dosage according to the contour of the specific machine in question, forming a uniform, smooth, and wear-resistant coating that combines aesthetic appeal with lasting protection.
Laser Cleaning Robot	Equipped with a high-power pulsed laser cleaning head, it performs non-contact removal of stubborn contaminants such as surface oil stains and rust. By utilizing the instantaneous high-temperature vaporization effect of lasers, it achieves efficient, eco-friendly, and residue-free cleaning without damaging the workpiece surface, providing a pristine foundation for subsequent spraying.
Coordinate Measuring Machine (“CMM”)	Serves as a key guardian of the dimensional accuracy of core components. Custom-designed for 3D testing of materials and parts, it features a high-precision grating measurement system and multi-axis linkage probing technology to automatically and accurately scan and test parameters such as the hole diameter and tolerance of key components (e.g., gears, bearings) with micron-level precision. Through digital modeling and real-time data comparison, it quickly identifies out-of-tolerance workpieces, ensuring strict dimensional accuracy throughout the entire process.
Automatic Screw Fastening Machine	A dedicated assembly solution integrating a high-precision visual positioning system, a torque control module, and an automatic feeding mechanism. It uses industrial robots to achieve precise screw picking, alignment, and fastening, with automatic adjustment of fastening torque to avoid under-tightening or over-tightening issues. This system realizes full-process automation, improving assembly efficiency and consistency.

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Maintenance

We follow a structured preventive maintenance program to ensure that all machinery and equipment used in our production processes remain in optimal working condition. Our preventive maintenance includes regular mechanical inspection, calibration, and parts replacement as necessary. These preventive maintenances are usually conducted once per month or once per year, depending on the condition of the machinery or equipment in question.

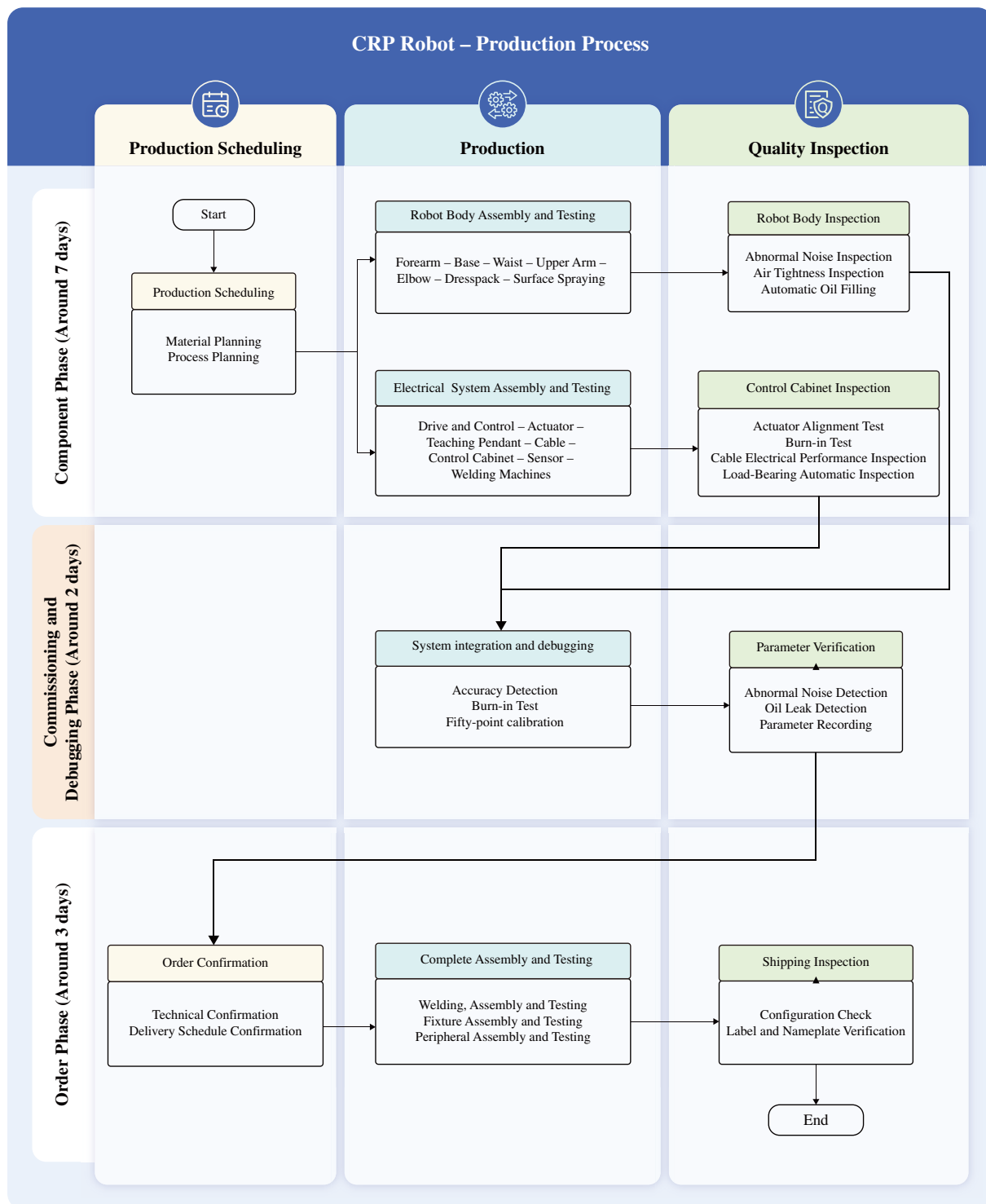
In addition to scheduled maintenance, we also conduct routine inspection to minimize unplanned downtime. All inspection records are tracked through our internal asset management system for traceability and early identification of performance issues.

Our engineering and maintenance teams receive continuous training to ensure they are familiar with all critical task equipment. For certain advanced machinery, we may rely on supplier support contracts or third-party service providers to implement professional maintenance. Prior to acceptance, the suppliers of our production-related equipment provide training to our operators. This ensures that our staff are familiar with the operation, maintenance and upkeep of our equipment. In addition, our measuring and testing equipment undergo annual calibration to ensure its accuracy.

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Production Process

Our production process involves the following stages



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- ***Component sourcing and inventory preparation:*** We source components from qualified suppliers. Key components undergo our automated inspection process prior to usage in production lines. Inventory levels are managed based on demand forecasts to ensure timely availability and production continuity.
- ***Assembly and integration:*** Our robots are assembled following standardized procedures to ensure quality and efficiency. Key submodules, such as motion control units and robotic arms, are integrated into complete robotic systems tailored to specific customer needs. Key assembly lines, such as those for electronic control systems and robot bodies have also achieved automation, further enhancing product consistency.
- ***System testing and quality assurance:*** All assembled products undergo various testing, including functional tests and performance verification to ensure compliance with safety, reliability, and performance standards. The entire production process is governed by information systems, ensuring seamless data sharing and real-time communication.
- ***Packaging and logistics coordination:*** Finished products are carefully packaged. Depending on the order in question and specific customer requirements, delivery will either be made by our third-party logistics providers or picked up by the customer individually.

Throughout these stages, we maintain ISO-compliant quality control protocols to ensure that all products meet our internal standards and customer expectations.

Outsourced Production

Leveraging our full-stack, self-developed technologies and fully integrated production base, we complete the vast majority of our manufacturing through core in-house operations. To further enhance efficiency, we selectively work with contract manufacturers for specific product categories. For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, our outsourced production costs accounted for 2.4%, 2.4%, 2.3%, 2.6% and 2.6% of our cost of sales for the same years or periods, respectively.

For the years ended December 31, 2022 and 2023, we engaged in limited outsourced production arrangements to supplement our in-house capabilities for selected components. These arrangements primarily involved outsourced production for the processing of certain cast parts, where materials were procured from one supplier and processed by another under our coordination. Currently, we typically require suppliers to provide fully integrated solutions on a turnkey basis (包工包料).

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As of June 30, 2025, there are two main product categories for our outsourced production: (i) PCBA boards and (ii) wire harnesses.

- **Printed Circuit Board Assembly (“PCBA”) boards:** PCBA boards require specialized production lines and technical expertise. Given the maturity of related technologies and our focus on cost efficiency, we have chosen to outsource this production to third-party specialists. We currently engage three PCBA suppliers.
- **Wire harnesses:** For wire harnesses, we retain in-house production for the core and technically demanding components, while outsourcing simpler segments to third-party manufacturers. We currently rely on one principal supplier, with several smaller vendors accounting for minimal procurement value.

We primarily collaborate with six contract manufacturers. All of them have obtained the relevant qualifications. They are located in industrial clusters such as Chengdu, Sichuan Province and Jiaxing, Zhejiang Province. These companies hold recognized certifications including ISO9001 and IATF16949, ensuring consistent quality standards across our production processes.

Outsourced production arrangements enable us to optimize operational efficiency without affecting product quality or compromising technical confidentiality. All selected suppliers are subject to our quality control protocols. Outsourcing has not had a material impact on our operating costs, product reliability, or intellectual property protection.

To the best knowledge and belief of our Directors, after making all reasonable enquiries, none of our Directors or their close associates or any shareholder who owned more than 5% of our issued and outstanding share capital as of the Latest Practicable Date had any interest in any of the contract manufacturers of us during the Track Record Period. During the Track Record Period, all contract manufacturers were Independent Third Parties.

Production Quality Control

Quality is a central focus throughout our entire production process, both for in-house and outsourced manufacturing. We adhere to stringent quality management systems covering raw material sourcing, in-process inspections, final testing, and post-production audits, ensuring that our products comply with the safety standards and quality requirements of various industries.

- **Procurement of raw materials and components:** We partner with reliable suppliers and maintain formal quality control protocols with them. These protocols safeguard our right to pursue remedies, including claims for damages and requirements for rectification, if their products fail to meet our quality standards. In addition, critical raw materials and components undergo incoming inspections to ensure electrical parameters, visual quality, dimensional accuracy and specification compliance, before they are utilized in our production lines.

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- Quality control and final system testing:** We adhere to stringent quality control standards throughout our production process. In-process quality control inspections are put in place to monitor the quality of work-in-progress at key stages of our production. Finished products also undergo rigorous inspections and testings such as burn-in tests, which verify their performance stability and reliability after long-term use. Products must obtain certification from our product quality engineers before they are packaged and shipped to our customers.

Our contract manufacturers follow a strict supplier quality management system, including factory audits, ongoing performance evaluations, and compliance with our technical specifications. Performance evaluations are conducted on a monthly, semi-annually and annually basis, taking into account key performance indicators such as defect rates and on-time delivery performance. We also regularly perform on-site inspections and sample testing to validate components before they are used in final assembly.

SALES, MARKETING AND CUSTOMERS

We have built up a broad and geographically diversified customer base both domestically and internationally. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, mainly covering Europe, Southeast Asia, Latin America, South Asia and North America. In addition, we derived revenue from customer located in Russia during the Track Record Period. For further information, please see “– Compliance with International Sanctions and Export Control Laws and Regulations”.

The following table sets forth a breakdown of our revenue by location of our customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
China (including Hong Kong and Taiwan)	166,702	84.4	180,219	81.0	209,436	89.5	101,908	89.1	141,726	90.9
Overseas	30,734	15.6	42,146	19.0	24,603	10.5	12,473	10.9	14,231	9.1
Total	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

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Sales Models

We adopt a multi-channel sales model to cater to the varying needs of our diverse customer base. Our primary sales models are divided into the following key categories:

- **Direct sales:**
 - (i) **Direct sales to system integrators**, who incorporate our robots into their complex, customized robotic solutions to end customers. System integrators play a key role in industries where our products are integrated into broader manufacturing systems.
 - (ii) **Direct sales to end customers**, which is predominantly targeted at large enterprises. This model enables us to engage directly with clients, providing customized products and end-to-end support. This approach allows for deeper relationships with clients, particularly in industries such as automotive and components, electronics, and new energy.
- **Distribution:** We work with distributors who help us expand our reach. These distributors are responsible for product sales within their territories, while also offering after-sales service and support.

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Direct sales										
(i) Direct sales to system integrators	184,827	93.6	200,857	90.3	197,842	84.5	97,888	85.6	136,291	87.4
(ii) Direct sales to end customers	7,510	3.8	8,718	3.9	14,337	6.2	5,476	4.8	12,041	7.7
Sub-total	192,337	97.4	209,575	94.2	212,179	90.7	103,364	90.4	148,332	95.1
Distribution	5,099	2.6	12,790	5.8	21,860	9.3	11,017	9.6	7,625	4.9
Total revenue	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

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Direct sales to system integrators

Our system integrator model is designed to address complex and large-scale industrial applications, where our products are integrated into broader manufacturing systems. This model primarily targets application scenarios where the need for tailored robotic products is critical to ensure operational efficiency. System integrators are often the primary point of contact for end customers, offering complete robotic systems that are customized to meet specific operational requirements.

System integrators play a key role in bridging the gap between our products and end users by providing end-to-end solutions, including robot installation, technical support, integration with existing systems, and maintenance. We collaborate closely with system integrators to ensure that the robotic systems are effectively incorporated into the client’s production line and deliver maximum value.

Set forth below is a summary of typical key terms in our agreements with system integrators:

- *Payment:* Payment terms for system integrators typically involve advance payment or progressive payments based on milestones achieved in the integration process. Final payment is usually made upon successful project completion and client acceptance.
- *Quality:* System integrator agreements typically include clauses that specify the required product quality standards, adherence to industry certifications, and testing procedures to ensure that the integrated system meets the customer’s operational needs.
- *Product return:* Returns are generally only accepted in cases of product defects or failure to meet agreed-upon specifications. Returns for other reasons are not common in system integrator agreements.
- *Termination:* The agreement may be terminated early if either party fails to meet contractual obligations, such as sales targets, performance milestones, or quality standards. Early termination clauses typically require a formal notice period and may include penalties or compensation depending on the circumstances.

Direct sales to end customers

Our direct sales to end customers model primarily focuses on the domestic market, particularly large enterprises that require tailored robotic products for complex industrial applications. The direct sales model enables us to engage closely with customers, providing customized service delivery, on-site technical support, and turnkey project execution. This approach allows for deeper relationships with clients, particularly in industries such as automotive and components, electronics, and new energy.

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The following table sets forth key metrics of our direct sale customers (including both direct sales to system integrators and direct sales to end customers) for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Total revenue (<i>RMB in thousands</i>)	192,337	209,575	212,179	148,332
Number of direct sale customers	527	619	644	494
Number of new direct sale customers ⁽¹⁾	287	351	352	310
Average direct sale customers value ⁽²⁾ (<i>RMB in thousands</i>)	365.0	338.6	329.5	300.3
Number of transactions with direct sale customers	2,092	2,551	2,606	1,483
Average transaction value of direct sale customers ⁽³⁾ (<i>RMB in thousands</i>)	91.9	82.2	81.4	100.0
Customer retention rate ⁽⁴⁾	46.8%	50.9%	47.2%	48.7%
Net dollar retention rate ⁽⁵⁾	73.8%	100.4%	100.3%	113.6%

Notes:

- (1) Refers to customers who do not purchase products from us for the previous period.
- (2) Calculated by dividing the revenue generated from direct sales in a given period by the number of direct sale customers who purchased our products in the same period.
- (3) Calculated by dividing the revenue generated from direct sales in a given period by the number of transactions by our direct sale customers in the same period.
- (4) Calculated by dividing the difference between the number of customers in the respective period and the number of new customers in the respective period by the number of customers in the immediately preceding period, multiplied by 100%.
- (5) Calculated by dividing the revenue of a current period from customers of both current and previous periods by the revenue of the previous period of such customers, multiplied by 100.0%.

Set forth below is a summary of the typical key terms of our direct sales agreement:

- **Payment:** Payments are typically structured as upfront payments or instalments, with terms agreed upon factors such as project size and customer preferences. Some agreements may include progressive payments tied to project milestones.
- **Quality:** Quality clauses ensure that products meet ISO and industry-specific standards, with regular performance testing and final product inspections.
- **Product return:** Products are generally non-returnable, except in cases of defective products or performance issues within the warranty period.

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- *Product warranties:* We warrant that our products shall be free from defects in material and workmanship under normal use for a period of 12 months from the date of delivery.
- *Termination:* Either party may terminate the agreement if the other party fails to meet contractual obligations or performance targets. Early termination clauses are common in case of breaches of contract.

Distribution

We work with local distributors who help us reach a broader audience. We adopt a buyer-seller model with our distributors, whereby they assume ownership of our products upon delivery. Returns and/or exchanges are only permitted under limited circumstances, such as material quality defects. We recognize sales revenue from distributors when control over our products have been transferred to them. Our distributors have the flexibility to determine their sales territory, and we do not grant exclusive rights, such as regional exclusivity rights, to any of our distributors. We work closely with distributors to ensure that they have the necessary resources, including technical training, marketing support, and product knowledge to sell and service our products effectively. Although distributors are typically not required to meet certain sales targets, mandating selling prices, or restricted to appoint of sub-distributors, they shall be adhere to our reviews to ensure that they are aligned with our brand and service standards. We typically enter into standard agreements with our distributors. However, depending on the country where a specific distributor is located, the terms could be different due to local laws and regulations.

The following table sets forth key metrics of our distributors for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Total revenue (<i>RMB in thousands</i>)	5,099	12,790	21,860	7,625
Number of distributors	13	18	21	13
Number of new distributors ⁽¹⁾	8	11	13	7
Average distributor value ⁽²⁾ (<i>RMB in thousands</i>)	392.2	710.6	1,040.9	586.5
Number of transactions with distributors	49	82	75	24
Average transaction value of distributors ⁽³⁾ (<i>RMB in thousands</i>)	104.1	156.0	291.5	317.7
Customer retention rate ⁽⁴⁾	83.3%	53.8%	44.4%	50.0%
Net dollar retention rate ⁽⁵⁾	49.5%	127.3%	35.9%	69.8%

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Notes:

- (1) Refers to customers who do not purchase products from us for the previous period.
- (2) Calculated by dividing the revenue generated from distributorship in a given period by the number of distributors who purchased our products in the same period.
- (3) Calculated by dividing the revenue generated from distributorship in a given period by the number of transactions by the distributors in the same period.
- (4) Calculated by dividing the difference between the number of distributors in the respective period and the number of new distributors in the respective period by the number of distributors in the immediately preceding period, multiplied by 100%.
- (5) Calculated by dividing the revenue of a current period from distributors of both current and previous periods by the revenue of the previous period of such distributors, multiplied by 100.0%.

During the Track Record Period, we had no material unresolved disputes or lawsuits with distributors. During the Track Record Period, to the best knowledge and belief of our Directors, after making all reasonable enquiries, all of our distributors were Independent Third Parties.

In addition to above, other major terms of our standard agreements with our distributors include:

- *Duration:* Typically lasts for one year.
- *Payment:* In most cases, credit terms will be granted depending on the relationship and market conditions. In addition, we also require full prepayment for certain distributors.
- *Delivery:* The method of delivery and the allocation of associated logistics costs shall be subject to mutual agreement between the parties.
- *Termination:* Agreements can be terminated early if the distributor breaches its obligations, such as deliberately lowering prices to disrupt the market. We reserve the right to terminate the agreement for material breach, including upon the discovery of any severe and willful market disruption through predatory pricing by a distributor.

According to Frost & Sullivan, the distribution model in the industrial robotics industry differs significantly from that of traditional industries, primarily due to the sector’s nascent stage. Unlike conventional distributors, those for industrial robots typically operate reactively, initiating orders only upon receiving requests from end-customers. This is because industrial robots are characterized by durability and specialized applications, unlike mass-market consumer goods. Consequently, sales in this sector are typically order-driven transactions.

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Distributor management

We conduct reviews of our distributors to ensure that their business practices are in line with our requirements and standards.

Underperforming distributors will be subject to tightened support policies in the following year. Examples of such tightening measures include adjustments to the payment term, downgrading of the credit tier, or revocation of relevant distribution qualifications.

Channel stuffing risk management

To reduce risks associated with channel stuffing under the distributorship model, we have implemented a strict set of controls and protocols, primarily including (i) adopting a strict product return policy where product returns are only permitted in cases of confirmed product defects; and (ii) allowing distributors to proactively place orders based on their assessment of market demand and internal capacity. Such arrangement fosters a more sustainable distribution practice that aligns inventory levels with actual demand.

Pricing Policy

Our pricing approach is designed to reflect the technological sophistication and value proposition of our products while maintaining competitiveness in both domestic and overseas markets. Our pricing considers factors such as (i) product development, (ii) production and customization costs, (iii) after-sales service commitments, (iv) reputation, creditworthiness, and operational scale of the customer, (v) technological sophistication, (vi) product competitiveness, (vii) average market price, and (viii) other market or specific client conditions. This strategy enables us to maintain healthy profit margins while ensuring our products remain economically attractive to customers across different industries and regions.

In addition, we continuously assess the competitive landscape with the aim of keeping our pricing remains aligned with industry standards while reflecting the superior value we deliver. By analyzing competitors’ pricing models and market trends, we can make informed adjustments to sustain our competitiveness without compromising product quality. Customer feedback also plays a key role in refining our pricing strategy, allowing us to adapt to evolving customer expectations and dynamic market conditions.

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Our Marketing Efforts

Our marketing strategy is designed to support our growth objectives and enhance our market presence in both domestic and international markets. We adopt a multi-channel marketing approach, leveraging both traditional marketing methods and digital platforms to reach a broad audience. Our efforts are focused on building brand awareness, engaging with key customer segments, and promoting our core products.

Our marketing initiatives are strategically aligned with our sales objectives and regional expansion plans, ensuring that we reach the right audience with the right message at the right time.

We form strategic partnerships with key players in the industrial robotics market to enhance our market visibility and expand our reach. Our alliances include partnerships with:

- ***Technology providers:*** We collaborate with hardware manufacturers to enhance the functionality and performance of our robotic systems.
- ***Academic institutions:*** Through partnerships with leading universities and research centers, we advance robotics research and develop cutting-edge technologies that drive innovation in the industry.
- ***Industry associations:*** We are active members of several robotics and automation associations, such as China Electrical Equipment Industry Association (Welding Equipment Branch) and China Electromechanical Integration Technology Application Association (Automotive Intelligent Equipment Branch), which allow us to stay at the forefront of industry trends and build credibility in the market.

Online brand promotion

Key online brand promotion include:

- ***Website and content marketing:*** We maintain an updated, user-friendly website that serves as the primary hub for product information, case studies, and customer success stories. We regularly release product brochures, videos, and other related materials to position ourselves as thought leaders in the robotics industry.
- ***Social media:*** We utilize various social media platforms such as WeChat and Douyin to engage with industry professionals and potential customers. Our social media strategy focuses on creating content that educates, informs, and sparks conversations about the value of robotic automation in various sectors.
- ***Online campaigns:*** We regularly run targeted marketing campaigns and digital ads to promote new product launches, webinars, and industry events. These campaigns are designed to nurture leads and convert them into customers.

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Trade shows and exhibitions

We actively participate in major industry trade shows and exhibitions to showcase our products and connect with potential customers. These events offer us an opportunity to:

- ***Demonstrate new technologies:*** We present our latest innovations, such as collaborative robots and advanced motion control systems, to a global audience.
- ***Engage with existing clients:*** Trade shows serve as an ideal venue for face-to-face meetings with our current clients and partners, strengthening our relationships and exploring new business opportunities.
- ***Generate leads:*** These events are key opportunities for lead generation, where we meet potential customers and system integrators who are interested in adopting robotic products.

We exhibit at global events and regional exhibitions focused on robotics, automation, and new energy technologies. These exhibitions allow us to enhance our brand presence and influence in various regions and industries, conduct market research and gain insights, and most importantly, establish new business relationships. For example, at the 2023 SCHWEISSEN & SCHNEIDEN in Germany, we successfully established partnerships with new system integrators in Italy and Slovenia.

Marketing communication and brand building

Our brand-building efforts are centered on establishing our leadership in the industrial robotics market. To achieve this, we focus on several key strategies. We engage in public relations by collaborating with industry publications and media outlets to share our thought leadership, product innovations, and case studies. Additionally, we contribute to industry reports and market analyses to further enhance our visibility. Through customer success stories, we highlight the successful deployments of our robotic systems, showcasing the real-world effectiveness of our products. These stories are featured in our marketing materials to demonstrate the tangible impact our products have on businesses. For instance, our marketing campaigns have incorporated the success story of our industrial robots enabling a motorcycle manufacturer to build an intelligent automated production line, which saves cost, improves production efficiency and, due to the high consistency of robotic welding, enhances product quality.

To promote product education and training, we offer training sessions, workshops, and webinars aimed at educating both potential customers and existing users on the benefits of robotic automation. This not only helps drive customer loyalty but also fosters greater brand awareness.

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Our Customers

Our customer base is diverse and spans a wide range of industries and geographies. We serve both direct-sale customers and, to a lesser extent, distributors. For more information, please refer to “– Sales Models” above.

Our customer base spans a diverse range of industries and sectors. We serve multinational corporations in a wide range of industries, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. For example, our technology enterprises clients leverage our robotic products to stay competitive and continue innovating in a fast-evolving market. Our products are utilized by institutions across various sectors, including manufacturing, where automation plays a crucial role in enhancing operational efficiency. Through these diverse customer relationships, we have established a strong reputation in the market and continue to expand our reach by providing innovative products tailored to meet the unique needs of each customer segment. For details, please refer to “– Sales Models” above.

For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from the five largest customers was RMB43.9 million, RMB42.5 million, RMB41.1 million and RMB30.1 million, respectively, accounting for 22.3%, 19.2%, 17.5% and 19.3% of our total revenue for the same years or period, respectively. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, revenue from our largest customer was RMB19.1 million, RMB23.1 million, RMB17.3 million and RMB7.4 million, respectively, accounting for 9.7%, 10.4%, 7.4% and 4.7% of our total revenue for the same years or period, respectively.

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The following table sets forth the details of the five largest customers in each year or period during the Track Record Period.

For the year ended December 31, 2022

Rank	Customer	Customer type	Customer's background	Major type of products provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
1.	Customer A ⁽¹⁾	System integrator	A company primarily engaged in the manufacturing of industrial robots and robotic equipment.	Six-axis industrial robots, four-axis industrial robots, and collaborative robots	2020	Bank transfer	120 days	19,074	9.7
2.	Customer B	System integrator	A company primarily engaged in software development, as well as the sales of intelligent robots and industrial robots.	Six-axis industrial robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	6,505	3.3
3.	Customer C	System integrator	A company primarily engaged in the manufacturing of industrial automatic control system equipment and provides technical services.	Six-axis industrial robots and four-axis industrial robots	2020	Bank transfer or bank acceptance bill	Up to 90 days	6,482	3.3
4.	Customer D	System integrator	A company primarily engaged in the machining of mechanical parts and components as well as manufacturing of industrial robots and general equipment.	Six-axis industrial robots	2020	Bank transfer or bank acceptance bill	Up to 90 days	6,472	3.3
5.	Customer E	System integrator	A company primarily engaged in the manufacturing and sales of industrial robots.	Six-axis industrial robots and embodied intelligent robots	2021	Bank transfer or bank acceptance bill	Full payment before delivery	5,334	2.7

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For the year ended December 31, 2023

Rank	Customer	Customer type	Customer's background	Major type of products provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
								RMB'000	%
1.	Customer A ⁽¹⁾	System integrator	A company primarily engaged in the manufacturing of industrial robots and robotic equipment.	Six-axis industrial robots and four-axis industrial robots	2020	Bank transfer	120 days	23,108	10.4
2.	Customer B	System integrator	A company primarily engaged in software development, as well as the sales of intelligent robots and industrial robots.	Six-axis industrial robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	5,775	2.6
3.	Customer F	System integrator	A company primarily engaged in the sales of industrial robots and provides technical services.	Six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	4,605	2.1
4.	Customer E	System integrator	A company primarily engaged in the manufacturing and sales of industrial robots.	Embodied intelligent robots and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Full payment before delivery	4,559	2.1
5.	Customer C	System integrator	A company primarily engaged in the manufacturing of industrial automatic control system equipment and provides technical services.	Six-axis industrial robots	2020	Bank transfer or bank acceptance bill	Up to 90 days	4,421	2.0

BUSINESS

For the year ended December 31, 2024

Rank	Customer	Customer type	Customer's background	Major type of products provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer	Percentage of total revenue
								RMB'000	%
1.	Customer A ⁽¹⁾	Distributor	A company mainly engaged in the trading of mechanical equipment.	Collaborative robots, six-axis industrial robots, four-axis industrial robots, and embodied intelligent robots	2020	Bank transfer	Up to 90 days	17,318	7.4
2.	Customer E	System integrator	A company primarily engaged in the manufacturing and sales of industrial robots.	Embodied intelligent robots and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Full payment before delivery	8,258	3.5
3.	Customer F	System integrator	A company primarily engaged in the sales of industrial robots and provides technical services.	Collaborative robot, and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	6,279	2.7
4.	Customer G	System integrator	A company primarily engaged in the provision of mechanical and electrical equipment, robots, and automation system integration.	Collaborative robots, six-axis industrial robots, and four-axis industrial robots	2024	Bank transfer or bank acceptance bill	Up to 180 days	5,261	2.2
5.	Customer H	System integrator	A company primarily engaged in the R&D and manufacturing of customized automation solutions and corresponding equipment.	Six-axis industrial robots	2024	Bank transfer or bank acceptance bill	90 days	4,015	1.7

BUSINESS

For the six months ended June 30, 2025

Rank	Customer	Customer type	Customer's background	Major type of products provided	Year of commencement of business relationship with us	Payment method	Credit terms	Revenue derived from the customer <i>RMB'000</i>	Percentage of total revenue <i>%</i>
1.	Customer G	System integrator	A company primarily engaged in the provision of mechanical and electrical equipment, robots, and automation system integration.	Six-axis industrial robots	2024	Bank transfer or bank acceptance bill	Up to one year	7,403	4.7
2.	Customer A ⁽¹⁾	Distributor	A company mainly engaged in the trading of mechanical equipment.	Collaborative robots, six-axis industrial robots, and four -axis industrial robots	2020	Bank transfer	Up to 90 days	6,550	4.2
3.	Customer F	System integrator	A company primarily engaged in the sales of industrial robots and provides technical services.	Six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	5,935	3.8
4.	Customer I	System integrator	A company primarily engaged in the sales of intelligent robots and industrial robots, and provides technical services.	Six-axis industrial robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	5,697	3.7
5.	Customer J	System integrator	A company primarily engaged in the manufacturing and sales of robot systems.	Six-axis industrial robots and collaborative robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	4,474	2.9

Note:

- (1) For the years ended December 31, 2022 and 2023, the transaction between Customer A and us was conducted through an entity of customer A located in Russia. Please also refer to the Non-sanctioned Entity as disclosed in “– Compliance with International Sanctions and Export Control Laws And Regulations” below. For the year ended December 31, 2024 and the six months ended June 30, 2025, the transaction between Customer A and us was conducted through another entity of Customer A located in the PRC.

Save as disclosed above, all of our top five customers for each year or period during the Track Record Period was located in the PRC.

BUSINESS

Our Directors confirm that as at the Latest Practicable Date, all of our five largest customers for each of the years or period during the Track Record Period were Independent Third Parties and they have no past or present relationships (including, but not limited to, employment, trust, financing, or family relationship) with our Group, our Directors, Shareholders, senior management or any of their respective associates. None of our Directors and their respective close associates or any of the Shareholders, whom to the best knowledge of our Directors own more than 5% of the issued Shares immediately after the completion of the [REDACTED], has any interests in any of our five largest customers for each of the years/periods during the Track Record Period.

After-sale Services

We understand that the value of our products extends far beyond the initial sale, which is why we are committed to providing comprehensive after-sale services that ensure long-term customer satisfaction. Our after-sale services are designed to support our customers throughout the entire lifecycle of our robotic products, from preliminary evaluation and technical support to ongoing maintenance.

Upon delivery, we provide on-site installation to ensure our robotic systems are seamlessly integrated into our customers’ operations. Our team works closely with each client to tailor the installation process to their specific needs, minimizing any disruption to their production schedules. In addition, we offer training sessions that equip both new users and existing personnel with the knowledge and skills required to operate and maintain the systems effectively. These training programs include robot operation, robot commissioning, robot process, and maintenance training, ensuring that customers can fully utilize the functions of our products.

In terms of technical support, we provide “24/7” assistance through multiple channels, including phone, WeChat, and remote access. Our dedicated technical support team is on call at all times to offer technical assistance including troubleshoot issues, technical guidance, and answer general questions regarding our products. For more complex situations, we have field technicians ready to provide on-site support when needed. Additionally, we offer preventive maintenance services, which include regular check-ups, system optimizations, and software updates to ensure our robotic products remain efficient and continue meeting the high standards expected by our customers.

We provide a comprehensive warranty on all our products, which covers components as well as associated peripherals. In the event that a product fails within the warranty period, we offer repair or replacement services at no additional cost to the customer. For situations outside of the warranty, we still offer paid repair services and replacement parts to keep operations running smoothly. Our maintain inventory for spare parts to ensure that customers can quickly access the parts they need.

We also prioritize customer feedback and actively seek input from our clients to improve both our products and services. Through regular follow ups, we assess the performance of our products, address any concerns, and ensure that our systems continue to meet our customers’ needs. We have a process in place for managing customer complaints, ensuring quick resolution and maintaining customer satisfaction.

During the Track Record Period and up to the Latest Practicable Date, there had been no material claims between customers and us regarding product returns and refunds.

BUSINESS

RAW MATERIALS AND SUPPLIERS

Raw Materials and Components

Our raw materials and components are critical to the development and manufacturing of our products. We ensure that we source high quality materials from a diverse range of suppliers to meet the technical requirements and performance standards of our robots.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our total cost of raw materials and components amounted to RMB122.3 million, RMB135.0 million, RMB135.4 million, RMB66.5 million and RMB88.7 million, respectively, accounting for 85.4%, 83.3%, 83.1%, 83.6% and 84.2% of our total total cost of sales for the respective years or period, respectively.

We procure RV reducers, harmonic drives, and servo motors from leading domestic manufacturers of precision reducers and motors. Key components such as communication and control chips are sourced from leading global semiconductor companies and their regional affiliates. Structural parts (e.g., enclosures and die-cast components) are supplied by established domestic manufacturers with extensive experience in producing high-quality mechanical parts.

Our procurement strategy is designed to balance cost efficiency, supply chain resilience, and the highest quality standards. Throughout the Track Record Period, in terms of procurement amount, approximately 93.0% of the raw materials for core components of our robotic products are sourced domestically, and both control and electrical systems for our products are self-developed in-house. Though we mainly source from domestic suppliers, we also maintain a small amount of foreign raw materials and components procured through Chinese agents. This dual approach ensures that we can maintain a steady flow of materials while ensuring the best balance of quality, cost, and technological advancement.

During the Track Record Period, we did not experience any shortage of raw materials and components that resulted in interruptions in our production. We believe our stable relationships with our suppliers will continue to ensure an adequate and stable supply of raw materials and components as well as manage fluctuations of prices of our raw materials and components in the future. We did not experience any quality issues with our raw materials and components during the Track Record Period that materially affected our operations.

Our Suppliers

Our supplier network plays a crucial role in ensuring the consistent and reliable supply of materials necessary for our production.

BUSINESS

Supplier management system

To maintain the high quality and consistency of our raw materials and ensure a reliable supply chain, we have implemented a robust supplier management system. This system is structured to ensure that all suppliers adhere to our rigorous quality standards, fostering long-term, strategic relationships. Key components of our supplier management system include:

- **Approved Supplier List (“ASL”):** We maintain an ASL for critical materials and components. Suppliers are thoroughly evaluated based on factors such as qualifications, certifications, financial stability, and performance history. The supplier onboarding process typically takes over three months, including pre-screening, on-site inspections, and assessments of production capacity and quality assurance systems.
- **Regular supplier evaluation:** Our procurement, engineering, and quality assurance teams conduct periodic evaluations of suppliers based on critical performance metrics, including delivery reliability, defect rates, cost competitiveness, and compliance with sustainability and ethical standards. This ensures that our suppliers consistently meet our expectations and industry benchmarks.
- **Multi-supplier sourcing strategy:** To mitigate the risks associated with supply chain disruptions, we maintain multiple suppliers for key components. This multi-supplier strategy ensures that we are not dependent on a single source, enhancing the resilience and stability of our supply chain. By diversifying our suppliers, we can better manage potential disruptions such as price fluctuations, geopolitical risks, or natural disasters.
- **Quality control and verification:** Our quality control process is stringent and multi-layered. New materials undergo rigorous sample testing, small-batch trials, and full-scale production runs to ensure they meet our technical specifications. Suppliers who fail to meet our quality standards during initial testing are disqualified after two failed trials. This ensures that only the best materials are used in our production process, upholding the high standards of quality we set for our robotic products.

BUSINESS

Agreement with suppliers

Our procurement strategy also includes comprehensive agreements with suppliers, which help ensure that the terms of supply, delivery, and quality control are clearly defined and consistently adhered to. These agreements typically cover the following key terms:

- *Contract duration and renewal:* Our framework agreements generally remain effective for a fixed term as agreed between the parties and are subject to renewal upon mutual agreement. Purchase orders are issued under such framework agreements or on a standalone basis, depending on business needs.
- *Product specifications and quality standards:* Product names, technical specifications, quantities, unit prices, and expected delivery dates are typically clearly stated in the purchase order. Raw materials and components must comply with our technical specifications and quality requirements. If quality issues arise, suppliers are obligated to repair, replace, or refund the defective goods. Additional penalties may apply in accordance with separately signed quality target documents.
- *Delivery terms and logistics:* Deliveries are made to designated locations as specified in the purchase order, typically on a DDP basis, with transportation costs and in-transit risk borne by the supplier. Timely delivery is essential. In the event of delay beyond the agreed date without prior written approval, we are entitled to claim liquidated damages.
- *Payment:* The purchase orders set out specific payment terms depending on the type of materials and/or components to be procured.
- *Amendments and variations:* Neither party may unilaterally amend the agreement. Any proposed changes must be initiated in writing and agreed upon by both parties through execution of a supplemental agreement or confirmation of a variation order.
- *Breach of contract and liability:* Suppliers who fail to meet contractual obligations may be subject to penalties, payment withholdings, and termination of the agreement. Liability extends to direct losses and may include consequential damages such as reputational or regulatory exposure.
- *Termination rights:* Either party may terminate this agreement upon prior written notice to the other party. Each party shall be entitled to terminate this agreement immediately upon the occurrence of a material breach or insolvency of the other party.

BUSINESS

Major suppliers

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, our purchase amounts from the five largest suppliers were RMB73.9 million, RMB60.4 million, RMB51.1 million and RMB56.8 million, respectively, accounting for 46.3%, 48.5%, 40.7% and 43.8% of our total purchase amounts for the same years or period, respectively. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, purchase amounts from our largest supplier were RMB27.5 million, RMB28.5 million, RMB22.9 million and RMB28.7 million, respectively, accounting for 17.2%, 22.8%, 18.2% and 22.1% of our total purchase amounts for the same years or period, respectively. All of our five largest suppliers during each year or period during the Track Record Period are located in China. Please also see “Risk Factors – Risks Relating to our General Operations and Industry – We may face supply chain risks and are dependent on certain major suppliers, and any interruption of our supplier’s services and quality could materially harm our business” in this document.

The following table sets forth the details of the five largest suppliers in each year or period during the Track Record Period.

For the year ended December 31, 2022

Rank	Supplier	Supplier’s background	Type of products purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts paid to the suppliers RMB’000	Percentage of total purchase amounts %
1.	Supplier A	A company primarily engaged in the provision of RV reducers, RV input shafts and other related products.	RV reducers and RV input shafts	2020	Bank transfer, bank acceptance bill, or other forms that have been agreed by written consent	60-90 days	27,507	17.2
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	90 days	14,698	9.2
3.	Supplier C	A company primarily engaged in the provision of harmonic drives and related products.	Harmonic drives	2018	Bank transfer, bank acceptance bill, domestic letter of credit, or any other method the buyer deemed fit	Up to 90 days	14,219	8.9
4.	Supplier D	A company primarily engaged in the provision of welding machines and other related products.	Welding machines	2018	Bank transfer, bank acceptance bill, domestic letter of credit, or any other method the buyer deemed fit	30-90 days	13,398	8.4
5.	Supplier E	A company primarily engaged in the provision of processors, diodes, amplifiers and other related products.	Processors, diodes, and amplifiers	2021	Bank transfer	30 days	4,116	2.6

BUSINESS

For the year ended December 31, 2023

Rank	Supplier	Supplier's background	Type of products purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
1.	Supplier A	A company primarily engaged in the provision of RV reducers, RV input shafts and other related products.	RV reducers and RV input shafts	2020	Bank transfer, bank acceptance bill or other forms that have been agreed by written consent	60 days	28,451	22.8
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	90 days	12,683	10.2
3.	Supplier D	A company primarily engaged in the provision of welding machines and other related products.	Welding machines	2018	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	30-90 days	10,161	8.2
4.	Supplier F	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2021	Bank transfer or bank acceptance bill	30 days	5,464	4.4
5.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	60-120 days	3,618	2.9

BUSINESS

For the year ended December 31, 2024

Rank	Supplier	Supplier's background	Type of products purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
1.	Supplier A	A subsidiary of a company listed on Shenzhen Stock Exchange and primarily engaged in the provision of RV reducers, RV input shafts and other related products.	RV reducers and RV input shafts	2020	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60 days	22,890	18.2
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	90 days	9,794	7.8
3.	Supplier C	A company primarily engaged in the provision of harmonic drives and related products.	Harmonic drives	2018	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	Up to 90 days	7,593	6.0
4.	Supplier D	A company primarily engaged in the provision of welding machines and other related products.	Welding machines	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	30-90 days	7,478	6.0
5.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	60-120 days	3,392	2.7

BUSINESS

For the six months ended June 30, 2025

Rank	Supplier	Supplier's background	Type of products purchased	Year of commencement of business relationship with us	Payment method	Credit terms	Purchase amounts paid to the suppliers <i>RMB'000</i>	Percentage of total purchase amounts <i>%</i>
1.	Supplier A	A subsidiary of a company listed on Shenzhen Stock Exchange and primarily engaged in the provision of RV reducers, RV input shafts and other related products.	RV reducers and RV input shafts	2020	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60 days	28,715	22.1
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	90 days	15,806	12.2
3.	Supplier C	A company primarily engaged in the provision of harmonic drives and related products.	Harmonic drives	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	Up to 90 days	6,286	4.8
4.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60-120 days	3,322	2.6
5.	Supplier F	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2021	Bank acceptance bill	30 days	2,669	2.1

Our Directors confirm that as at the Latest Practicable Date, all of our five largest suppliers for each of the years or period during the Track Record Period were Independent Third Parties and they have no past or present relationships (including, but not limited to, employment, trust, financing, or family relationship) with our Group, our Directors, Shareholders, senior management or any of their respective associates. None of our Directors and their respective close associates or any of the Shareholders, whom to the best knowledge of our Directors own more than 5% of the issued Shares immediately after the completion of the [REDACTED], has any interests in any of our five largest suppliers for each of the years/periods during the Track Record Period. Our Directors confirm that we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period.

BUSINESS

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

According to Frost & Sullivan, the industrial robotics industry comprises multiple specialized segments, including component design and manufacturing, robot design and development, manufacturing, assembly and integration, and algorithm and software development. To satisfy the evolving demands of customers, market players in the industry often procure products or services from peers to deliver comprehensive products or solutions. As a result, it is common for upstream and downstream enterprises within the industry to engage in transactions with each other as both suppliers and customers. This overlap between customers and suppliers reflects the highly interconnected nature of the industrial robotics ecosystem facilitating mutual growth and innovation across the industry.

During the Track Record Period, none of our five largest customers in each year or period was also among our five largest suppliers for the same period.

During the Track Record Period, we mainly provided six-axis industrial robots to customer B and customer D, both of whom were among our major customers and also served as suppliers. Customer B provided robot bases to us, while Customer D provided robot installation and commissioning service to us. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our purchase amounts attributable to them amounted to approximately RMB0.2 million, nil, RMB0.2 million and RMB7,080 respectively, accounting for approximately 0.1%, nil, 0.2% and 0.01% of our purchases for the corresponding years or period, respectively.

During the Track Record Period, we purchased RV reducers and RV input shafts from Supplier A, sheet metal cabinets and mounting brackets from Supplier G, servo motors from Supplier B and welding machines from Supplier D, all of which were among our major suppliers and also served as customers.

We mainly provided six-axis industrial robots to Supplier A, six-axis industrial robots to Supplier G, four-axis industrial robots and six-axis industrial robots to Supplier B, and six-axis industrial robots to Supplier D. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, our revenue derived from them amounted to RMB0.2 million, RMB0.3 million, RMB0.8 million and RMB0.05 million respectively, accounting for approximately 0.1%, 0.1%, 0.3% and 0.03% of our revenue for the corresponding years or period, respectively.

Negotiations of the terms of our sales to and purchases from the overlapping customer and supplier were conducted on a case-by-case basis and purchases were neither interconnected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from these overlapping customers and suppliers were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm’s length basis. The contractual terms were substantially the same as those with our other customers and suppliers. To the best knowledge of our Directors, all of these parties were Independent Third Parties.

BUSINESS

INVENTORY, WAREHOUSING AND LOGISTICS MANAGEMENT

Inventory and Warehousing

Our inventories comprise (i) raw materials and components; (ii) finished goods; (iii) materials consigned for processing and work in progress, and (iv) goods in transit. Our materials consigned for processing primarily consisted of certain wiring harnesses and PCBA boards, which were outsourced to third-party suppliers. For more information about our outsourced production, please refer to “– Our Production – Outsourced Production”.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our inventories were RMB111.7 million, RMB94.5 million, RMB82.5 million and RMB124.2 million, respectively. See “Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position – Current Assets – Inventories.” We have a strict inventory control policy to monitor our inventory levels to minimize obsolete inventory. Through close coordination with our customers and suppliers, we are committed to carrying less raw materials and components and in-process products and lowering our inventory risk.

To effectively manage our inventory, we rely on a centralized Enterprise Resource Planning (“ERP”) system integrated with warehouse-level Warehouse Management System (“WMS”) modules. This integration allows us to monitor real-time stock levels, track inventory movements, and trigger automated restocking alerts, ensuring efficient coordination between procurement, production, and delivery schedules. Our system provides full visibility of inventory, enabling us to optimize operations and maintain efficient stock turnover. Inventory planning is closely aligned with several factors, including sales forecasts, production cycles, customer project timetables, and lead time characteristics for different material categories.

Our inventory write-down policy is aligned with accounting standards and involves regular reviews of aging inventory. When inventory becomes obsolete or impaired, it is written down to its net realizable value, taking into account factors such as aging status, replacement cost, and market conditions. This process ensures that our inventory is accurately valued and that any losses are accounted for in a timely manner.

We ensure that all transportation risks, including damage or loss during transit, are backed by clear terms. The logistics agreements with our providers include clear terms regarding compensation for damages or losses, providing us with a secure and reliable transportation framework. Throughout the Track Record Period, we have not experienced any material delays, disputes, or transportation-related losses that significantly impacted our business operations. We have worked effectively with our logistics partners to ensure smooth and timely deliveries, minimizing the risk of stockouts or delays in distribution.

BUSINESS

Market Opportunity and Competition

According to Frost & Sullivan, China’s industrial robotics market exhibited high growth, expanding from RMB31.5 billion in 2020 to RMB46.7 billion in 2024, achieving a CAGR of 10.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB93.1 billion by 2029 with a CAGR of 15.3% from RMB52.7 billion in 2025. Global industrial robotics market exhibited high growth, expanding from RMB74.0 billion in 2020 to RMB101.6 billion in 2024, achieving a CAGR of 8.3% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB181.3 billion by 2029 with a CAGR of 12.6% from RMB112.9 billion in 2025.

China’s intelligent industrial robotics market has similarly demonstrated high growth, expanding from RMB1.1 billion in 2020 to RMB5.7 billion in 2024 in terms of revenue, achieving a CAGR of 51.9% during this period. As labor shortages and cost pressures continuously compel the enhancement of industrial automation, coupled with technological innovation and synergistic development of industrial chains, China’s intelligent industrial robotics market is expected to continue to grow, reaching RMB32.0 billion by 2029 with a CAGR of 42.0% from RMB7.9 billion in 2025 in terms of revenue. The global intelligent industrial robotics market grew from RMB3.6 billion in 2020 to RMB14.1 billion in 2024, achieving a CAGR of 40.6% during this period. Fueled by the rapid penetration rate of industrial automation, the continued emergence of new markets, and surging demand in multiple downstream scenarios, the market is projected to maintain strong momentum, reaching RMB61.4 billion by 2029 with a CAGR of 34.9% from 2025 onward.

Additionally, overseas companies initially held a first-mover advantage in China’s industrial robotics market. In recent years, however, domestic manufacturers have emerged rapidly, demonstrating strong competitiveness in pricing, agile response to customer needs, and localized service capabilities. Consequently, the market share of domestic players has steadily increased, and domestic substitution has become a notable trend in the sector. Amid this highly competitive and fast-evolving market, we have managed to establish a strong market presence.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. According to Frost & Sullivan, in terms of revenue in 2024, (i) we rank first among all Chinese manufacturers of welding robots; (ii) we rank first among all Chinese manufacturers in key welding robot sub-segments, including laser welding and cutting robots; and (iii) we hold a leading position among Chinese companies in robotic applications for the metal and machining sector.

Leveraging the market’s growth potential, we believe that our full-stack self-developed core technologies, multi-scenario intelligent application capabilities, leading R&D expertise, and outstanding commercialization strategies will enable us to not only consolidate our current position but also capitalize our market opportunities for sustained growth.

For more information about addressable markets and competitive landscape for our robotic products, please refer to “Industry Overview” section in this document.

BUSINESS

PROPERTIES

We operated our business through a combination of owned land use rights, self-owned buildings, and leased properties in both domestic and overseas markets. The below sets forth details of our owned and leased properties as of the Latest Practicable Date:

Owned land use rights

<u>Number of land parcels</u>	<u>Location</u>	<u>Total land area</u>	<u>Key function</u>
One	Chengdu, Sichuan province, PRC	13,333.31 sq.m	Production plant, R&D centers, and headquarters offices

Owned buildings

<u>Number of buildings</u>	<u>Location</u>	<u>Aggregate GFA</u>	<u>Key function</u>
Three	Chengdu, Sichuan province, PRC	35,155.85 sq.m	Production plant, R&D centers, and headquarters offices

Leased buildings

As of the Latest Practicable Date, we leased (i) two properties with an aggregate gross floor area of approximately 394.6 square meters in China, which had been used mainly as offices or other business support functions; and (ii) one property with an aggregate gross floor area of approximately 205 square meters in Malaysia, which had been used as the office of our Malaysian subsidiary.

For our owned land use rights and buildings, as of the Latest Practicable Date, (i) we had obtained all land use rights certificates for all land parcels we owned and occupied; (ii) we had obtained all real estate ownership certificates for all buildings we owned.

As of the Latest Practicable Date, we had not filed the lease agreement for registration with respect to these leased properties in China. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the lease agreement within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply. See “Risk Factors – Risks Relating to Our General Operations and Industry – We lease properties as premises primarily for our office spaces. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance.”

BUSINESS

Property Valuation

As of June 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets. As such, we are not required by Rule 5.01A of the Listing Rules to include a valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this document is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which would otherwise require a valuation report for all our interests in land or buildings.

INSURANCE

We maintain a comprehensive insurance program to protect our assets, employees, and operations from various risks. This includes property insurance covering physical damage or loss to our facilities, warehouse, and office premises due to natural disasters or man-made events. We also have liability insurance for third-party claims related to property damage or bodily injury, as well as product liability insurance for damages caused by product defects. Employee insurance, including worker’s compensation, health insurance, and life insurance, is also in place to mitigate risks associated with workplace injuries or employee health concerns. We do not maintain transportation insurance, though we do ensure that transportation risks are backed by clear terms regarding compensation for damages or losses in contracts with third parties.

Overall, as advised by F&S, we believe our insurance coverage align with general market practices within the industry. During the Track Record Period, we have not encountered any material insurance claims that have significantly impacted our financial position. For more information, please refer to “Risk Factors – Risks Relating to Our General Operations and Industry – Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations”.

EMPLOYEES

As of the Latest Practicable Date, we had a total of 407 full-time employees, and all of our employees are based in China.

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The tables below set forth a breakdown of our employees by function as of the same date:

Function	Number of Employees	Percentage %
Production	126	31.0
Sales and after-sales	85	20.9
R&D	137	33.7
Finance	7	1.7
Administration	52	12.8
Total	407	100.0

We place strong emphasis on talent acquisition and employee development. Our recruitment channels include online job platforms, campus job fairs, and internal referrals. All candidates undergo a rigorous multi-stage screening process, which includes interviews and technical assessments to ensure alignment with our corporate values and job requirements.

In addition to the standard onboarding process, we provide comprehensive training programs tailored to each department’s needs. These programs include company culture familiarization, safety education, and role-specific technical training. We also offer mentorship opportunities to support employees’ professional growth and integration into their teams.

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. As advised by our PRC Legal Advisers, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or be subject to material administrative penalties is considered remote because: (i) as of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our previous unpaid contributions; (ii) we have obtained Special Credit Reports for Market Entities confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (iii) based on the interviews conducted by our PRC Legal Advisers with relevant competent authorities, the government agencies have confirmed that in the absence of large-scale employee complaints, they generally will not proactively initiate investigations into the previous unpaid social insurance or housing fund contributions. As of the Latest Practicable Date, we were not aware of any employee complaints; (iv) we undertake to pay the shortfall within a prescribed time period if and when requested by the competent government authorities; and (v) on September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知), which prohibits local authorities from organizing and conducting

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centralized collection of enterprises’ historical shortfall of social insurance contributions. Please refer to “Risk Factors – Risks Relating to Doing Business in the Jurisdictions Where We Operate – We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations” in this document.

We maintain a strong focus on ensuring our labour contracts are aligned with China’s legal requirements. We also provide our employees with comprehensive remuneration packages, which are generally calculated according to their qualifications, industry experience position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonuses such as year-end bonuses, departmental bonuses and key client project delivery bonuses.

To further support our employees, we provide statutory benefits such as pension and medical insurance, as well as additional benefits including annual leave, festival allowances, and subsidies for front-line workers. We also provide subsidies for continuing studies and external trainings, in order to support our employees’ growth and development, enhance their professional knowledge, and ensure that they keep up with the ever-changing industry standards in their respective positions. Additionally, we offer relocation assistance, including free dormitories or rental subsidies for employees relocating from other regions.

In addition, we have established our own labour union and provide funds to support the daily operations of the union on a regular basis.

DATA SECURITY AND PRIVACY

In providing our robotic products, we engage in certain data-related activities to ensure their functionality and efficiency. For instance, we may access data related to the design, development, production and functionality of our robotic products, including production line and equipment layout in manufacturing workshops, appearance and technical specifications of equipment, type of materials, shape of products, and other information related to production and facilities. We comply with our customers’ confidentiality requirements and do not disclose their data without their prior consent.

During the use of our robotic products, we do not collect any personal data or information from customers. During the course of our business operation, with the prior consent of our customers, suppliers and other business partners, we collect and maintain their contact information to the extent necessary and in accordance with the applicable laws and regulations on data privacy and security. We have taken measures to maintain the confidentiality of such information to ensure regulatory compliance. We have set up an access control system for personal information in our internal system so that it cannot be viewed without proper authorization or exported in bulk. We set up firewalls to prevent information loss or leakage caused by cyber-attacks. In addition, we from time to time examine the security of our data storage system. We strictly restrict the range of data that our employees are authorized to access based on their role and function. We continue to pay close attention to the legislative and regulatory developments in cybersecurity and data protection and conduct routine cybersecurity and data protection compliance checks and rectification to keep pace with regulatory developments.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we encounter any significant unauthorized use of personal information belonging to customers, suppliers, other business partners or employees. As of the Latest Practicable Date, we have not encountered any disputes, controversies, or lawsuits related to violations of information security laws and regulations. We believe that we are in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance Structure

We leverage our high-standard corporate governance system to provide a solid foundation for the implementation of sustainable development and ESG strategies. Currently, a top-down ESG governance framework has been preliminarily established, with ongoing refinement of the division of responsibilities across all levels. This structure currently encompasses three core tiers: the decision-making level, the management level, and the execution level. In the future, we will further refine our ESG management system, focusing on establishing a dynamic tracking and real-time updating mechanism for ESG-related objectives to effectively enhance ESG governance efficiency and management standards.

The Board, as the highest governing body for our sustainable development and ESG matters, will convene special meetings to deliberate on our sustainability initiatives, social responsibility fulfillment, and ESG reporting. It will also review and make decisions on significant issues within the ESG domain. To advance the implementation of the sustainability and ESG strategy established by the Board, we have established an ESG Management Committee of the Strategy Committee of our Board involving senior management. Its core function is to assist the Board in promoting the concrete development and implementation of sustainability, social responsibility, and all ESG initiatives. Additionally, to further support the ESG Management Committee in implementing relevant strategies and metrics, we have established a ESG working group comprising heads of various functional departments. This group regularly reports to the ESG Management Committee and the Board on core priorities and action plans for sustainability, social responsibility, and ESG initiatives, ensuring the comprehensive implementation and effectiveness of our sustainability and ESG-related strategies and actions.

ESG Strategy

We are committed to becoming a leader in sustainable development within the industrial automation sector. With technological innovation at its core, we actively promote the intelligent transformation of manufacturing while addressing climate change. We strive for the harmonious integration of economic, environmental, and social benefits, achieving synergy among the enterprise, society, and the environment. In doing so, we contribute Chinese corporate strength to global sustainable manufacturing. We firmly believe that technological advancements should serve the well-being of humanity and the protection of our planet. By providing advanced robotics solutions, we empower global customers to achieve a low-carbon, efficient, and safe transformation toward intelligent manufacturing.

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Stakeholder Communication

Within our corporate operational management system, we consistently prioritize the identification and collaboration with both internal and external stakeholders, deeply understanding and responding to their core expectations and legitimate demands. To enhance this synergy, we proactively establish stakeholder engagement mechanisms, build an efficient and seamless internal and external communication matrix, and maintain an open and proactive stance to ensure the effectiveness of interactions. Specifically, we foster deep connections with all stakeholders through multi-dimensional communication channels, including integrated online and offline meetings, targeted interviews, and systematic opinion surveys. By coordinating diverse interests and building consensus on development, we generate a collective force that propels us toward healthy, steady, and sustainable long-term growth.

We regard communication and collaboration with all stakeholders as the core foundation for enhancing operational transparency and driving sustainable development. To this end, we have established a systematic communication mechanism and diversified exchange platforms, listening to all stakeholders with a rigorous and pragmatic approach. By leveraging in-depth dialogue with stakeholders, we can accurately identify their needs and expectations, thereby dynamically optimizing operational strategies. Simultaneously, by aligning with our developmental stage and external environmental shifts, we further clarify our six core stakeholder groups – customers, employees, suppliers, investors, government, and the general public – to anchor the direction for subsequent collaborative efforts.

Corporate Governance

Professional ethics and anti-corruption

We consistently operate within the legal framework, strictly adhering to the regulatory requirements of the Anti-Monopoly Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China, and other relevant regulations. We comprehensively ensure that all business activities comply with domestic and international compliance standards, thereby mitigating legal risks at their source. We have not been involved in any embezzlement lawsuits since our establishment.

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In the realm of integrity operations, we regard ourselves as the cornerstone of sustainable corporate development, adhering to a “zero-tolerance” policy toward all forms of corruption. In response to the national anti-corruption strategy, we place high priority on combating commercial bribery and corruption. Through measures such as optimizing management systems, conducting regular training and education, and strengthening oversight throughout all processes, we are fully committed to fostering a clean and upright business ecosystem. In practice, we regularly conduct compliance reviews of our business processes, proactively identify anti-corruption risks points, and continuously refine our anti-corruption management mechanisms to prevent commercial bribery and embezzlement through concrete actions. Simultaneously, we clearly define integrity standards for employees within our internal control systems and strictly enforces legal and regulatory consequences for violations, thereby establishing a robust disciplinary defense for steady business development. Additionally, we have established dedicated reporting channels to encourage employees and partners to participate in oversight, ensuring all reports are promptly investigated and addressed, while strictly maintaining confidentiality of whistleblower information to fully safeguard the effectiveness of the oversight mechanism.

In terms of institutional development planning, we have established clear phased objectives: by 2025, we will complete the initial review and establishment of anti-commercial bribery and anti-corruption systems, laying the foundation for compliance management; By 2026, we will further develop and refine an anti-commercial bribery and anti-corruption compliance management system tailored to our business operations. This system will clearly define the authority and responsibility boundaries for each department and position, standardize business operation processes, and eliminate the breeding ground for commercial bribery and corruption at the institutional level. Concurrently, we will establish a dedicated oversight body with clearly defined responsibilities to conduct regular inspections and random spot checks on all business activities, ensuring timely identification and rectification of potential integrity risks. We will further streamline reporting channels, explicitly allowing external partners such as suppliers and clients to directly report suspected embezzlement within the Company to the internal audit department, either under their real names or anonymously. The confidentiality of all whistleblowers will be strictly protected throughout the process, guaranteeing the secure operation of the reporting mechanism.

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Environmental Impact

Environmental performance

Table of our Environmental Performance for the Periods Indicated

Indicators	Unit	2022	2023	2024	2025H1
Emissions					
greenhouse gas (GHG) emissions¹					
Total GHG emissions	tCO ₂ e	739.4	1,047.9	1,084.7	514.4
–Direct GHG emissions ²	tCO ₂ e	56.8	67.0	60.4	45.7
–Indirect GHG emissions ³	tCO ₂ e	682.6	981.0	1,024.3	468.7
GHG emissions intensity	tCO ₂ e/person	2.2	3.0	2.9	1.3
Air emission⁴					
CO	kg	85.8	96.9	82.8	60.8
Nitrogen Oxides	kg	2.9	3.3	2.9	2.1
Sulphur Dioxide	kg	1.9	2.3	2.1	1.6
Waste					
Total hazardous waste	kg	0.0	0.0	0.0	4.1
Hazardous waste intensity	kg/person	0.0	0.0	0.0	0.0
Total Non-Hazardous Waste ⁵	kg	58,420.0	110,034.0	110,800.0	36,538.0
Intensity of non-hazardous waste	kg/person	177.0	314.4	299.5	93.7
Resource Usage					
Energy Consumption					
Total energy consumption	MWh	1,084.5	1,553.5	1,615.2	752.3
–Total direct energy consumption	MWh	43.4	51.1	46.1	34.9
–Total indirect energy consumption	MWh	1,041.2	1,502.4	1,569.0	717.4
The intensity of energy consumption	MWh/person	3.3	4.4	4.4	1.9
Water consumption					
Total water consumption	m ³	7,228.0	4,710.0	4,654.0	2,588.0
Water consumption intensity	m ³ /person	21.9	13.5	12.6	6.6

Notes:

- Information of greenhouse gas emissions is presented in terms of carbon dioxide equivalent and accounted for in accordance with the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises (Revised 2021) (《企業溫室氣體排放核算方法與報告指南發電設施 (2021年修訂版)》) issued by the Ministry of Ecology and Environment of the PRC and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).
- Direct greenhouse gas emissions are mainly from the consumption of natural gas and fuel.
- Indirect greenhouse gas emissions are mainly from the consumption of electricity.
- Sources of exhaust emissions include both stationary and mobile sources. Emissions caused by stationary sources are calculated based on the First National Pollutant Census Urban Domestic Source Emission Coefficient Manual and determined by monitoring the exhaust gases generated during actual production processes; emissions caused by mobile sources are calculated based on the Technical Guidelines for the Compilation of Air Pollutant Emission Inventory from Road Vehicles (Trial).

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5. The non-hazardous waste generated by our operations primarily consists of non-hazardous domestic waste and discarded office supplies produced during daily business activities. All such waste is recycled at a 100% rate, with no emissions resulting from its processing.

Green Operations

Energy management

To achieve energy efficiency targets, we have established multiple environmental management plans, including the Environmental Protection System, Energy Conservation and Emission Reduction System, and Annual Environmental/Occupational Health and Safety Objectives, while implementing various energy-saving measures. Our newly constructed photovoltaic power generation facilities ensure our electricity consumptions needs while reducing national energy consumption. Production schedules for each workshop are arranged based on sales and supply plans to ensure continuous production operations without interruption, thereby helping to reduce the factory’s electricity consumption. For defective equipment, we fill in the defect form and handle it promptly to maintain the best operating condition of the equipment. We conduct an annual assessments and replacements of high-power, high-energy-consumption equipment within our company. These objectives will be implemented through various departments, including Human Resources and Operations, as well as Research and Development Technology. During the summer, we maintain the air conditioning temperature in office and manufacturing areas at 26°C. All our production facilities utilize LED lighting to reduce energy consumption.

Resource management

We remain vigilant regarding global climate change and national policies on energy conservation, emissions reduction, and carbon neutrality management. We are constantly mindful of the critical importance of effective energy conservation. Electricity is the primary source of energy consumption in our production and operations, and reducing electricity consumption is a top priority in energy management. We manage resource usage through the implementation of internal operational control procedures and are committed to achieving energy efficiency and conservation in our daily operations. We actively incorporate photovoltaic power generation and are committed to promoting energy conservation in our daily operations to reduce national electricity consumption and replace high-energy-consuming electrical equipment. We conduct energy and environmental system certifications and carbon footprint verification statements, while regularly organizing energy-saving training for employees. We conduct regular inspections of electricity usage, compile statistics at month-end, and perform comparative analysis of annual consumption patterns to establish a foundation for resource conservation.

We have formulated and issued the *Energy Management System* and the *Energy Conservation and Emission Reduction System*. Restrictions were imposed on energy consumption for water, electricity, and office supplies. It also stipulates that air conditioning may only be used from June to September and November to January each year. During summer, the temperature setting must not be lower than 26°C, and during winter, it must not exceed 20°C, thereby effectively controlling energy consumption.

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In addition, the scrap generated during the processing of raw materials and components is partially recycled by manufacturers as feedstock for reuse in production. The remaining scrap is disposed of as general industrial waste. Packaging materials such as pallets, metal crates, and material containers are uniformly collected for recycling and reuse, while certain cardboard boxes and plastic packaging are disposed of as general industrial waste.

Water resources management

Water is a precious resource on Earth, and we must clearly recognize the importance of water resources. Therefore, we will minimize water usage, improve water efficiency, and eliminate waste of drinking water in our production and operations. We remain committed to effective water resource management and water conservation practices. We will educate our staff on water conservation. To ensure water supply facilities operate at peak efficiency, we will enhance maintenance efforts to minimize water leaks. We will track water usage across departments, analyze consumption patterns, or establish standardized water conservation practices.

We plan to reduce our annual water consumption by approximately 5% compared to the previous year and organize water conservation training for employees to enhance awareness of water-saving practices. To achieve water efficiency goals, we have posted water-saving signs in prominent locations in restrooms and break rooms to cultivate employees’ environmental awareness and thereby reduce water consumption. We conduct periodic inspections of water pipes and faucets, promptly repairing or replacing any leaking faucets upon discovering potential hazards. In addition, dedicated personnel will regularly record the water meter readings and compare the water usage over the same period to check whether there is any hidden water leakage.

Waste Management

We have established an *Environmental Protection Management System* for exhaust emissions, which outlines countermeasures for generated exhaust gases, wastewater, noise, and solid pollutants, designates responsible personnel, and clearly defines their respective duties. We also implement environmental ‘three simultaneous’ requirements for construction and technical renovation projects, conduct water body retention assessments, perform regular testing of ‘four wastes’, sign hazardous waste and general industrial waste disposal contracts with qualified entities for periodic disposal, and achieve Grade B performance ratings during heavy pollution weather events.

We implement a classification management system for hazardous and non-hazardous waste. First, waste is identified as hazardous based on the hazardous waste code. Hazardous waste and general industrial waste are managed separately and stored accordingly. Subsequently, hazardous and non-hazardous waste are identified using Material Safety Data Sheets (MSDS) and classified for storage management according to their chemical properties. Any opened chemical packaging is resealed when not in use to prevent spillage and leakage.

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We are mindful of the importance of waste reduction and we strive to reduce the amount of waste generated to minimize the impact on the environment. In terms of waste management, hazardous waste generated during our operations will be handled by qualified third party recycling companies or returned to the original company for disposal. We rigorously review waste disposal contractors’ qualifications before entering into contracts with them requiring lawful waste disposal, and conduct annual reviews of their credentials. On the other hand, the general waste generated by us is categorized into recyclable and non-recyclable waste. Recyclable waste is processed and recycled through take-away or outsourced processing, while non-recyclable waste is handled through outsourced processing. We strive to reduce, recycle and dispose of waste properly to minimize the environmental impact caused by our operations. According to the *Quality, Environment, and Occupational Health and Safety Management Manual*, we also consider the product lifecycle and potential environmental and occupational health and safety risks during the design and development of our products and services, ensuring that products meet requirements and do not cause adverse impacts. The materials we use must also comply with environmental regulations such as the EU ROHS, REACH and WEEE directives, taking into account their environmental impact, particularly their effect on resource consumption. When disposing of products in accordance with WEEE requirements, we consider their environmental impact by adopting designs that are easy to recycle and environmentally friendly, and we bear the costs of recycling. Our PLM System Material Certification Attribute Management Specification (《PLM系統物料認證屬性管理規範》) clearly states that we have dedicated SQE engineer responsible for reviewing the environmental data provided by suppliers ensuring that the materials we procure also comply with relevant environmental requirements. At the same time, we try to minimize the use of materials, thereby reducing the amount of waste generated.

In addition, our Group adopts environmentally friendly office practices. We also encourage our staff to separate recyclable materials for recycling and disposal through various publicity, education and guidelines on waste separation, with banners, posters and notices placed at prominent locations. In addition, in order to reduce the use of paper, we promote the secondary use of office paper, office information technology and paperless. We regularly check and monitor waste generation and resource usage, and implement appropriate improvement measures to reduce waste generation.

Social Impact

Employee development

Employee rights protection

We place high importance on protecting our employees’ legal rights and interests. To ensure strict compliance with national employment regulations and align with our operational realities, we have established comprehensive policies covering recruitment, compensation management, performance management, training management, and attendance management.

In terms of employee safety and health, we conduct regular safety training, implement annual health plans, set annual safety targets, and enhance team health levels through risk identification and mitigation, organizing emergency drills, strengthening safety training, and arranging health checkups. We consistently prioritize the health and safety of every employee as our foremost responsibility, making every effort to prevent major safety incidents.

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As required by our Compensation Management Measures, we clearly outline the compensation structure, compensation payment schedule, year-end bonuses, welfare allowances, and compensation adjustments of our employees.

We value our employees’ sense of belonging and well-being within the company, providing them with a range of benefits, including: social insurance and housing fund contributions, complimentary work meals, overseas assignment or business travel allowances for long-term overseas personnel or those on official business trips unable to access Company meals, birthday benefits, holiday gifts (New Year’s Day, Spring Festival, Qingming Festival, Dragon Boat Festival, Mid-Autumn Festival, National Day), regular health checkups, first-aid kits, supplemental commercial insurance, department team-building activities, group cultural and recreational events, and year-end gatherings etc.

Employment

We remain committed to creating an exceptional work environment for all employees, empowering their professional growth, and comprehensively safeguarding their legal benefits. Through concrete actions, we uphold a people-centered development philosophy.

Employee Communication

We have established a General Manager’s email address and an employee performance appeal system, and conduct regular employee interviews to ensure the effective operation of communication, feedback, and grievance mechanisms. Additionally, we have formed institutions such as a labor union and a women’s committee to ensure fair workplace practices.

Development and Training

As a vital component of our employee benefits program, we have developed a multi-dimensional training plan tailored to the specific requirements of different positions and the developmental stages of our employees. Details are as follows:

- *New employee onboarding training.* Aimed at achieving “rapid integration and efficient onboarding,” the system covers company policy interpretation, core business process explanations, real-world workplace environment introductions, dedicated liaison responsibilities and authority clarifications, and hands-on guidance for core job duties. This helps new employees quickly familiarize themselves with organizational culture and work requirements, enabling them to swiftly transition into their roles.
- *Internal company-specific training.* Focusing on enhancing employees’ job competencies and fostering knowledge sharing, we conduct regular internal product-specific training sessions (covering product iterations, core feature applications, etc.). We also encourage departments to organize thematic sharing sessions (such as business experience reviews, technical challenge breakthroughs, cross-departmental collaboration case studies, etc.), building an internal platform for knowledge transfer and skill development.

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- *External empowerment training support.* To empower employees to expand their capabilities and achieve personal growth, we encourage staff to apply for external training aligned with their job requirements and career development plans. A dedicated training fund is established to support participation in high-quality industry courses, professional skill certification programs, industry summits, and other external learning resources, thereby enhancing overall competitiveness.
- *Safety-specific training.* Upholding the principle of “safety first”, we conduct at least two combined online and offline specialized training sessions annually. These cover workplace safety regulations, occupational hazard protection for specific roles, fire emergency response procedures, and techniques for handling sudden safety incidents. This strengthens employees’ safety awareness and emergency response capabilities, fortifying workplace safety defenses.

Employee health and safety

We consistently adhere to a safety production policy prioritizing prevention and integrating prevention with control, committed to providing employees with a safe and healthy working environment. Our occupational health and safety management system has obtained ISO 45001 certification. We strictly implement occupational health and safety management procedures. To further enhance safety management and eliminate workplace safety accidents, we strictly comply with the Work Safety Law of the People’s Republic of China and have established work safety management systems to foster a secure working environment.

We strictly allocate sufficient funds in accordance with the standards for safety production expenses, while providing more resources and energy to strengthen and improve safety management. We have taken multiple measures to ensure the health and safety of employees, such as increasing the unit’s safety investment, setting up special funds for safety production, arranging reward incentives for reporting potential safety hazards, ensuring there are necessary funds and equipment for safety supervision, regularly conducting safe production training for employees to continuously improve their safety awareness and skills, formulating safety production emergency rescue plans and conducting regular drills and reviews to enhance employees’ self-rescue and emergency rescue capabilities, strengthening the routine maintenance of facilities and equipment, developing maintenance plans for facilities and equipment to ensure safe operation, and establishing and improving safety rules and regulations and safety operating procedures, while educating and urging employees to strictly comply with them. We prioritize the health and safety of our employees by providing various occupational health and safety training programs. We conduct regular occupational health examinations and establish individual health monitoring records. Examination results are periodically reviewed; any abnormalities detected prompt immediate follow-up arrangements and job reassignments as necessary to safeguard employee health and safety.

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In addition, we have established a production safety accident investigation, analysis and treatment system to regulate the reporting and investigation of production safety accidents, timely investigation and analysis of the causes of accidents, and prevention and reduction of production safety accidents. If any accident happens to employees during work, we will organize an accident investigation team to investigate, record and deal with it. At the same time, the Safety Production Committee will conduct statistical analysis of accidents and implement preventive and countermeasures to prevent accidents from happening again. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material respects with the PRC laws and regulations relating to workplace safety and have not identified any incidents that have had a material adverse effect on our production and operations. As of today, we have not experienced any incidents of casualties or occupational diseases.

Community Contributions

Community needs are typically communicated through official government-enterprise communication WeChat groups established by authorities, serving as the primary source of demand for businesses. Currently, we diligently fulfill collaborative tasks assigned by higher-level departments, including but not limited to: hosting cross-regional government research visits and assisting management committees in attracting investment across the robotics industry chain.

Most workers on our production lines are local farmers who lost their land, which has helped address reemployment challenges to some extent. Additionally, in compliance with environmental protection requirements, we have installed multiple exhaust gas treatment systems to effectively reduce emissions’ impact on the environment and implements strict management and disposal of hazardous waste.

Responsible Procurement

We have established a supplier onboarding process. Different processes are matched to different categories of suppliers. Systematic procedures and documentation are in place for supplier development, evaluation, and record-keeping to assess, screen, and approve suppliers. This ensures that onboarded suppliers meet product technical requirements, quality standards, management system specifications, and environmental and social criteria. Additionally, we implement supplier assessment measures to monitor performance in contract fulfillment, quality, delivery, after-sales service, and compliance with laws and regulations. These assessments are regularly reviewed and analyzed.

When auditing suppliers, we typically review and inquire about social and environmental risks in accordance with quality management system requirements. Audit materials also encompass clauses related to labor rights, health and safety, as well as waste management, environmental protection, and energy consumption as evaluation criteria.

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When selecting suppliers, we develop supplier resources tailored to specific requirements, including but not limited to patents, environmental compliance, and certifications. For environmental product requirements, suppliers are required to provide supporting documentation. For instance, if our products must comply with RoHS or REACH standards, suppliers will be requested to submit corresponding RoHS or REACH certificates, reports, and other materials for verification during the selection process. Should certificates expire during the collaboration, we will oversee suppliers in updating and resubmitting them.

Product Quality and Safety

We have consistently adhered to the quality policy of “High Quality, Excellent Service, Enabling Customers to Utilize Robotics Effectively”. We have established a comprehensive quality management model encompassing research and development quality systems, supply chain quality systems, production process quality systems, and after-sales service quality systems to meet customer needs.

In response to the evolving demands for products and services from the market, we have established relevant policies including the *After-Sales Service Management*, *Product Warranty Manual*, and *Delivery and Service After-Sales Policy* to fully ensure technological support, after-sales service, and product maintenance services. Through relevant policies, significant progress has been made in warranty documentation, repair principles, on-site training, service standardization, and response timeliness. A dedicated 400 hotline has been established to provide a direct channel for complaints. Objective investigations will be conducted into reported issues, and appropriate corrective actions will be implemented.

Privacy and Information Security

We place information security and data protection at the forefront of our operational management, strictly adhering to relevant laws and regulations such as the Personal Information Protection Law of the People’s Republic of China and the Data Security Law of the People’s Republic of China. Building upon this foundation, we have established a robust privacy protection and information security system that comprehensively safeguards customer privacy and data security. This system solidifies the security foundation for advancing the digital and intelligent development strategy, enhances internal management efficiency, and effectively accelerates our high-quality development.

To further strengthen information security management, we have established the Information Security Management System as an internal regulation. By continuously optimizing the information security management framework, we are steadily enhancing our capabilities in safeguarding customer privacy and protecting data. In daily operations, we implement strict oversight of user data to ensure that user privacy rights are fully respected and effectively safeguarded. Since our inception, we have maintained an impeccable information security record, with no instances of data security breaches or customer privacy leaks.

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Intellectual Property Protection

We completed the implementation of the intellectual property management system standards several years ago, establishing a comprehensive set of management rules and procedures for intellectual property risk control and operational management, which are effectively implemented. We provide annual training sessions for new hires, research and development personnel, and all employees on intellectual property management policies and daily office precautions, both on a regular and ad hoc basis. Additionally, we regularly file intellectual property-related patents each year, completing a closed-loop defense of intellectual property rights on the risk control side.

INTERNAL CONTROL AND RISK MANAGEMENT

Our approach to risk management and internal control is designed to, among others, safeguard our assets, ensure operational continuity, and promote compliance with industry regulations. Through a structured framework, we identify, evaluate, and mitigate risks across our business activities, aligning our practices with best-in-class standards and regulatory requirements. This framework allows us to proactively manage potential risks that could impact our operations, financial performance, and reputation in the market.

Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective to ensure compliance with relevant laws and regulations.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. We take a comprehensive approach with regard to operational risk management, and we have implemented a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our various departments collaborate and are collectively responsible to ensure the compliance of our operations with internal procedures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial Risk Management

We have adopted comprehensive financial policies in connection with our financial management, such as budget management, expenses management, accounting management and capital management. We also appointed an internal control manager who is responsible for the construction of internal control system and implementation of policies thereafter. The budget report is reviewed by our CEO every year to ensure its reasonability.

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Compliance Management

To ensure regulatory compliance and mitigate exposures to legal risks, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the different forms of contracts we enter into with our customers, suppliers and other business partners. Our sales manager examines the contract terms and reviews relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and the necessary underlying due diligence materials, before we enter into any contract or business arrangements. We also issued the internal contract management policies to regulate the business contract signing, reviewing and implementation procedures. We continuously improve our internal policies according to changes in laws, regulations and industry standards, such as the policies related with data privacy. As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents with respect to data leakage, violation of data protection laws and regulations or investigation or other legal proceeding against us in this regard.

Human Resource Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential incompliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

Credit Risk Management

We seek to maintain strict control over our outstanding receivables and have implemented a policy to minimize credit risk. We maintain regular communication with our customers, address potential payment issues proactively, and conduct detailed risk assessments. Our finance department conducts regular reviews of overdue accounts and recoverability of our outstanding balances, prioritizing high-value or long-overdue balances, and when appropriate, provides for impairment of these trade receivables. For significantly overdue accounts with no resolution, we may escalate to legal proceedings.

BUSINESS

LICENSES, APPROVALS AND PERMITS

We are required to obtain and maintain various licenses, approvals and permits to ensure compliance with applicable laws and regulations in the regions where we conduct business. These authorizations are fundamental to our production and operations and affirm our adherence to industry standards in safety, environmental protection and technical competency.

In addition to the business licenses, the following table sets forth details of our material licenses, approvals and permits:

<u>License/approval/permit</u>	<u>Issuing authority</u>	<u>Issuance date</u>	<u>Expiry date/ renewal date</u>
Customs Registration Receipt for Importers and Exporters of Goods (海關進出口貨物收發貨人備案回執)	Jincheng Custom Bureau	April 23, 2019	N/A

We will apply for the renewal certificates, licenses and permits that are required to be renewed from time to time. As of the Latest Practicable Date, our current portfolio of robotic products does not require any material regulatory approvals, and accordingly, no such approvals have been obtained. We will continue to monitor the regulatory landscape for any changes.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations, financial condition and R&D for any of our Specialist Technology Product.

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

BUSINESS

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognitions in respect of our products, solutions and operations. The following table sets forth the details of some of the notable awards and recognitions which we have received:

Award/Recognition	Year of Receipt	Issuing Entity
Advanced-Level Smart Factories in Sichuan Province for 2025 (四川省2025年度先進級智能工廠)	2025	Sichuan Provincial Department of Economy and Information Technology
First Batch of Chain Leader Enterprises in Sichuan Province’s Artificial Intelligence Industry Chain (首批四川省人工智能產業鏈主企業)	2025	Sichuan Provincial Department of Science and Technology and Sichuan Development and Reform Commission
Chengdu Municipal-Level Industrial Design Center for 2025 (2025年度成都市市級工業設計中心)	2025	Chengdu Municipal Bureau of Economy and Information Technology
List of Suppliers for Intelligent Transformation and Digital Upgrading of Manufacturing Industry in Sichuan Province (First Batch) (四川省製造業智能化改造數字化轉型供應商(第一批)名單)	2024	Sichuan Provincial Department of Economy and Information Technology
Recognition as a Compliant Enterprise under the Industry Norms for Industrial Robots (2024 Edition) (符合《工業機器人行業規範條件(2024版)》)	2024	Ministry of Industry and Information Technology of the People’s Republic of China
Chengdu Academician-Expert Innovation Workstation (2023) (2023年成都市院士專家創新工作站)	2023	Chengdu Academician (Expert) Innovation Workstation Promotion Office of Chengdu Association for Science and Technology
List of Leading Enterprises in Technological Innovation for 2022 (2022年度科技創新領軍企業名單)	2023	People’s Government of Sichuan Province

BUSINESS

COMPLIANCE WITH INTERNATIONAL SANCTIONS AND EXPORT CONTROL LAWS AND REGULATIONS

International Sanctions

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nations and Australia, maintain economic sanctions and trade restrictions targeting certain industries or sectors within the countries subject to International Sanctions. We have engaged Hogan Lovells International LLP, our International Sanctions Legal Adviser to perform procedures to assess our compliance with International Sanctions laws and regulations as well as export control laws and regulations, and evaluate our risk of exposure and potential penalties imposed under the International Sanctions laws and regulations.

During the Track Record Period, we sold certain of our products to China, Russia, Serbia, Turkey and Ukraine (these countries are collectively referred as the “**Relevant Regions**”, and each a “**Relevant Region**”). As advised by our International Sanctions Legal Adviser, (i) the products shipped to the Relevant Regions are not subject to the EAR, nor are they subject to EU or UK export control regulations, and (ii) the transactions in the Relevant Regions did not have an US, EU or UK nexus, and therefore do not represent a violation of U.S., EU, or UK primary sanctions.

During the Track Record Period, we adopted a multi-channel sales model, including sales to (i) direct sales to (a) system integrators, which incorporate our robots into their complex, customized robotic solutions to end customers, and (b) end customers; and (ii) distributors that adopts a buyer-seller model. For more information, please refer to “ – Sales, Marketing and Customers – Sales Models” above.

Due to our sales model, we are only able to identify the immediate downstream customers with whom we contract (“**Direct Downstream Customers**”) for the sales of our products and we have limited means to track or identify subsequent or end customers (or other transaction participants involved) who obtain our products from these Direct Downstream Customers (when not acting as end customer) who are system integrators or distributors.

As a result, we may have exposure to U.S., EU, and UK secondary sanctions because we cannot accurately trace the final destination of products sold to Russian entities during the Track Record Period for which our sales cannot be accurately traced. These transactions could be captured under Section 1(a) (i) of Executive Order 14024, which authorizes sanctions against persons operating in designated sectors of the Russian economy, such as manufacturing, engineering, technology, and electronics. U.S. guidance (FAQ 1126) interprets this broadly to include those who supply goods, services, or technology to these sectors. Therefore, our Russian-related sales likely fall within the scope of “U.S. Secondary Sanctionable Activity,” potentially subjecting relevant operating entities to secondary sanctions risk.

OFAC guidance (FAQ 1127) clarifies that a sector determination under EO 14024 does not automatically impose sanctions on all participants in those sectors, only on those specifically designated.

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Based on that we no longer have any direct sales to any entity in Russia and none of our Direct Downstream Customers is in Comprehensively Sanctioned Countries, and as advised by our International Sanctions Legal Adviser, we believe that the secondary sanctions risk for us to become designated as an SDN under EO 14024 or to be designated under the EU’s or UK’s secondary sanctions powers is relatively limited.

During the Track Record Period, we sold industrial robotic products to a single, non-SDN entity (the “**Non-sanctioned Entity**”) located in Russia (excluding Crimea, LPR, DPR, Kherson and Zaporizhzhia regions of Ukraine). The revenue generated from the sales with the Non-sanctioned Entity was approximately RMB19.1 million, RMB23.1 million, nil and nil for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, representing approximately 9.7%, 10.4%, nil and nil of our total revenue for the corresponding periods, respectively. These transactions were carried out by our Group entity incorporated in China directly to the Non-sanctioned Entity. Further, according to our International Sanctions Legal Adviser, there were no U.S. dollar transactions conducted with the Russian banks through which the payment was settled were placed on the SDN List. No other nexuses to the United States, the European Union, the United Kingdom or Australia have been involved in our sales to the Non-sanctioned Entity.

Our International Sanctions Legal Adviser has not identified material sanctions risks in accordance with Chapter 4.4 of the HKEX Guide for New Listing Applicants, after evaluating the sanctions risks of our historical business activities with customers in the Relevant Regions during the Track Record Period and up to the Latest Practicable Date.

Based on the analysis above, our International Sanctions Legal Adviser is of the view that the overall secondary sanctions risk appears to be relatively limited.

Our Directors, based on advice from our International Sanctions Legal Adviser, are of the view that given that our business activities did not represent a violation of the International Sanctions, the risk is relatively limited that OFAC and other government agencies will impose penalties on us. Based on the above, our Directors are of the view that there would be no material adverse impacts on our operations and performance.

BUSINESS

Export Control

During the Track Record Period, we procured from Texas Instruments, certain Digital Signal Processing (DSP) chips of U.S.-origin, which are classified under the EAR as ECCN 3A991 (“**3A991 Chips**”). 3A991 Chips represent a very small portion of our overall product value. On average, the value of a single 3A991 Chip accounts for only 0.65% of the total value of a finished product of us, which is below 25% (the *de minimis* value threshold), thus, as advised by our International Sanctions Legal Adviser, our product is not subject to the EAR under the *de minimis* rule under Supplement No. 2 of Part 734. Our product is also not a foreign direct product of 3A991 Chips, thus relevant foreign direct product rules under the EAR are not applicable to cause our product to be subject to the EAR.

One of our suppliers in 2022 was designated by the BIS on the Entity List effective from March 6, 2023. Provision of items subject to the EAR without a license from BIS to this supplier is prohibited as of the date of its designation. Given the transactions involving this supplier was conducted in 2022, and we have not engaged in any exports to or business interactions with this supplier since March 6, 2023, export restrictions applicable to this supplier being designated on the Entity List maintained by the BIS are not implicated for the Company.

Risk exposure and internal controls

Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries or Russia. We will not knowingly or intentionally conduct any business with any Sanctioned Targets, or any business in any Comprehensively Sanctioned Countries or Russia that will cause us to violate International Sanctions, and we will not use the [REDACTED] from the [REDACTED] to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Targets where this would be in breach of International Sanctions.

We have adopted enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks. We have adopted the following additional internal control and risk management measures:

- we will set up and maintain a separate bank account upon [REDACTED], which will be designated for the sole purpose of the deposit and deployment of the [REDACTED] from the [REDACTED] or any other funds raised through the Stock Exchange;
- to further enhance our existing internal risk management functions, our legal department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our legal department will hold a meeting biannually to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening;

BUSINESS

- we will evaluate the sanctions risks prior to determining whether we should embrace any business opportunities in countries subject to International Sanctions or sanctions persons. Our management will review and approve all relevant business transaction documentation from customers or potential customers from countries subject to International Sanctions or sanctions persons. In particular, screening process will be implemented to identify if our potential transaction counterparty is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review will not be proceeded. At the same time, our legal department will periodically review the existing customers and suppliers lists to ensure that we do not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;
- our Directors will continuously monitor the [REDACTED] from the [REDACTED], as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Targets where this would be in breach of International Sanctions;
- our legal department will review our internal control policies and procedures with respect to sanctions matters as part of the biannual meeting. As and when our legal department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and
- if necessary, we will engage external legal counsel to provide compliance training relating to the international sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group’s business to ensure none of them are Sanctioned Targets. We expect our external legal counsel to provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally.

Further, given the scope of the [REDACTED] and the expected [REDACTED] as set out in this document, our International Sanctions Legal Adviser is of the view that the risk of the involvement by parties in the [REDACTED] is relatively limited, and it will not likely implicate any applicable International Sanctions on such parties, including our Company and the Relevant Persons.

BUSINESS

PATH TO IMPROVE OUR PROFITABILITY

We achieved revenue growth during the Track Record Period. Our revenue increased by 12.6% from RMB197.4 million for the year ended December 31, 2022 to RMB222.4 million for the year ended December 31, 2023, and further increased by 5.2% to RMB234.0 million for the year ended December 31, 2024. Our revenue also increased by 36.3% from RMB114.4 million for the six months ended June 30, 2024 to RMB156.0 million for the six months ended June 30, 2025.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our gross profit margin was 27.5%, 27.1%, 30.4%, 30.6% and 32.4%, respectively. We recorded net profit for the year ended December 31, 2022, 2023 and the six months ended June 30, 2025 at RMB28.3 million, RMB1.7 million and RMB8.4 million, respectively, while we incurred net loss for the year ended December 31, 2024 and the six months ended June 30, 2024 at RMB12.9 million and RMB9.7 million, respectively.

In the future, we aim to maintain sustainability and further achieve profitability through: (i) enriching and expanding our products; (ii) expanding customer base; and (iii) enhancing our operational efficiency and economies of scale.

Enriching and Expanding Our Products

Leveraging the success of our current offerings, we plan to further optimize our products to improve their adaptability, accuracy and efficiency, thereby enhancing our competitive edge. For example, we plan to further develop large and extra-large load products for automotive, electronics, new energy, and other scenarios, and continue building high-precision, high-reliability, high-safety, and real-time robot “brain” control platforms and core components suitable for multiple industries and scenarios. We also aim to introduce our products to a broader range of scenarios, with the goal of benefiting occupational groups that we have not covered or have rarely reached before. In the pan-industrial sector, we plan to expand robot technology applications into construction, agriculture, and other fields. In the commercial services field, we aim to extend robot applications to improve operational efficiency. For household scenarios, we plan to develop robots for daily chores, companionship, health monitoring, and emotional interaction to meet home-based elderly care needs. Through continuous innovation and synergy, we aim to offer a more comprehensive and industry-leading product portfolio that boosts user engagement, brand value, market reach and business growth. We expect that our expanding revenue sources will continue to improve operating results.

BUSINESS

Expanding Customer Base

Customer recognition and satisfaction are key to our business sustainability and growth. We have established relatively long-term and stable relationships with our existing customers. During the Track Record Period, our customers comprised various leading enterprises in, among others, the automobile, electronics, and new energy sector. In addition to maintaining our existing customers, we also intend to expand our customer base, which is equally important to continue our revenue growth. Technological innovation is considered a crucial factor for our continuous development. By consistently iterating existing products and developing new products, our robotic products are crafted to lead industry standards and attract new customers through technical proficiency and scenario-based application capabilities. We also intend to increase our involvement in robotics industry events to demonstrate our innovated technological strengths and product technologies. Building upon our solid existing customer base, we will continue to enlarge our client base to drive our revenue growth.

Continued Enhancement of R&D Efficiency and Optimization of Cost Structure

We have streamlined our operations and maintained a reasonable size of management, operations and R&D teams. As of the Latest Practicable Date, we have developed a R&D team comprising of 137 personnel, including experts specializing in robotics, electronics, software, mechanical engineering, scenario application, algorithm and craftsmanship. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses were RMB33.9 million, RMB36.0 million, RMB36.0 million, RMB18.2 million and RMB18.1 million, respectively, accounting for 17.1%, 16.2%, 15.4%, 15.9% and 11.6% of our total revenue for the same years or period, respectively.

Going forward, we intend to continue enhancing our R&D efficiency by focusing on the advancement and upgrading of core technologies that are able to boost our product competitiveness and quickly achieve commercialization. We are also taking measures to optimize our cost structure and improve operational efficiency in various sectors. For example, we expect to improve our cost control capabilities benefiting from growing procurement volumes, and enhance our brand awareness as we gradually build our reputation. We also expect to maximize our product exposure by participating the most influential third-party conferences and exhibitions, thereby improving the sales and marketing efficiencies.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Pursuant to the Concert Party Agreement entered into in June 2021, our Controlling Shareholders consist of Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Xia, Mr. Zeng and Mr. Deng. As at the Latest Practicable Date, (i) Mr. Li directly held approximately 16.41% of our registered capital; (ii) Mr. Zhu directly held approximately 16.41% of our registered capital; (iii) Changzhou Hongzhi directly held approximately 7.81% of our registered capital; (iv) Ms. Gu directly held approximately 3.86% of our registered capital; (v) Mr. Xia directly held approximately 3.85% of our registered capital; (vi) Mr. Zeng directly held approximately 2.89% of our registered capital; and (vii) Mr. Deng directly held approximately 2.89% of our registered capital. Changzhou Hongzhi was established in 2017 as an employee shareholding platform which was owned as to (i) approximately 1.13% by Mr. Li, who is its general partner and approximately 73.21% by Mr. Zhu as a limited partner. Mr. Li and Mr. Zhu therefore together have full control over Changzhou Hongzhi. Accordingly, our Controlling Shareholders collectively held 54.13% of our registered capital as at the Latest Practicable Date.

Upon the completion of the [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised), they will be entitled to exercise and control the exercise of an aggregate of approximately [REDACTED]% of the voting rights at our general meetings. Accordingly, they will remain as our Controlling Shareholders upon the completion of the [REDACTED].

Apart from the above, Mr. Li is the chairman of our Board, an executive Director and the general manager of our Company, Mr. Zhu is an executive Director and the vice general manager of our Company, Ms. Gu is an executive Director of our Company and each of Mr. Zeng, Mr. Xia and Mr. Deng is the vice general manager of our Company. For further background details of Mr. Li, Mr. Zhu, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng, please see the section headed “Directors and Senior Management” in this document.

EXCLUDED BUSINESS

Our Controlling Shareholders confirmed that none of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we can function, operate and carry on our business independently from our Controlling Shareholders upon [REDACTED].

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational Independence

We have full rights to make business decisions and to carry out our business independent of our Controlling Shareholders and their respective close associates. On the basis of the following reasons, our Directors consider that the Company will continue to be operationally independent of our Controlling Shareholders and their respective close associates after [REDACTED]:

- (a) we are not reliant on trademarks owned by our Controlling Shareholders, or by other companies controlled by our Controlling Shareholders;
- (b) we are the holder of all relevant licenses material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (c) we make our own procurement purchases and conduct our own sales and marketing primarily through independent third party distributors. Save as disclosed in this document, the Group has a large and diversified base of customers and our customers and suppliers are unrelated to our Controlling Shareholders and their respective close associates;
- (d) as at the Latest Practicable Date, we leased factory and office space from independent third parties. All the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective close associates;
- (e) we have our own administrative and corporate governance infrastructure, including our own accounting, legal and human resources departments;
- (f) as at the Latest Practicable Date, all of our full-time employees were recruited independently from our Controlling Shareholders and their respective close associates and primarily through campus recruiting, job market recruiting, headhunters’ recommendations and internal referrals;
- (g) our Directors do not expect that there will be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after [REDACTED]; and
- (h) none of our Controlling Shareholders and their respective close associates has any interest which competes or is likely to compete with the business of our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises of nine directors, consisting of three executive Directors, three non-executive Directors and three independent non-executive Directors. Please see the section headed “Directors and Senior Management” in this document for further details.

As at the Latest Practicable Date, none of our Directors or the members of our senior management team hold any position in companies of our Controlling Shareholders and their close associates.

Our Directors are of the view that our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Controlling Shareholders for the following reasons:

- (i) as a part of our preparation for the [REDACTED], we have promulgated the Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that any Director and senior management member should not place himself or herself in a position where his or her duty and his or her own interests may conflict. In the event of a conflict of interest arising out of any transactions to be entered into by our Group, all Directors with conflicting interest shall abstain from voting in respect of such transactions and shall not be counted in forming a quorum at the relevant Board meetings;
- (ii) our independent non-executive Directors constitute more than one-third of our Board and none of them has any relationship with our Controlling Shareholders. Our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (iii) each of our Directors is aware of his or her fiduciary duties as a director, which require, among other things, that he or she acts for our Company’s best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (iv) where a Shareholders’ meeting is held to consider a proposed transaction in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have our own financial management system and we make financial decisions according to our own business needs. Our Directors confirm that during the Track Record Period and As at the Latest Practicable Date, save for the guarantees set forth in notes 26 and 34 to the Accountants’ Report included in Appendix I to this document, none of our Controlling Shareholders or their respective close associates had provided any guarantees to our Group. Our Directors confirm that all such guarantees have been released as at the Latest Practicable Date. Our Directors are satisfied that our Group will be financially independent of our Controlling Shareholders and any of their respective close associates upon [REDACTED].

During the Track Record Period and as at the Latest Practicable Date, the Group had certain outstanding balances due from/to the close associates of our Controlling Shareholders, details of which are set forth in note 34 to the Accountants’ Report included in Appendix I to this document. Our Directors confirm that there will be no balances due to or from our Controlling Shareholders or their respective close associates which had not been fully settled nor were there any financial assistance, security or guarantee provided by our Controlling Shareholders or their respective close associates in favor of our Group or vice versa upon [REDACTED]. Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their close associates after [REDACTED].

Corporate Governance Measures

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- (i) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or the Directors on the other hand, our Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements;
- (ii) our Controlling Shareholders have undertaken that they would not and would procure that their controlled corporations would not, directly or indirectly, engage in any business which are or may potentially be in competition with the business carried on or contemplated to be carried on by our Company or any members of our Group;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iii) any transaction that is proposed between our Group and our Directors, including our Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements; and
- (iv) we have appointed Zhongtai International Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance. Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].

Further, any transaction that is proposed between our Company and our Controlling Shareholders and/or our Directors and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the annual reporting, announcement, circular and independent Shareholders’ approval requirements.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets forth general information regarding our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Li Liangjun (李良軍)	45	chairman of the Board, general manager and executive Director	September 2012	April 2017	overall management of our Group, overall strategic planning, business direction and operational management	Mr. Li is the brother-in-law of Mr. Zeng, one of our senior management
Mr. Zhu Lusheng (朱路生)	44	executive Director, vice general manager and director of research and development	September 2012	February 2018	management and business development of our Group	none
Ms. Gu Fei (谷菲)	41	executive Director and vice director of research and development	September 2012	September 2018	management and business development of our Group	none
Ms. Qing Chen (卿晨)	43	non-executive Director	September 2018	September 2018	providing professional opinion and judgment to our Board	none
Mr. Huang He (黃河)	48	non-executive Director	February 2018	February 2018	providing professional opinion and judgment to our Board	none
Mr. Li Xiang (李祥)	48	non-executive Director and employees' representative Director	June 2017	Upon [REDACTED]	providing professional opinion and judgment to our Board	none
Ms. Zhi Nan (支楠)	64	independent non-executive Director	June 2021	June 2021	supervising and providing independent opinion and judgment to the board	none

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Ms. Liang Min (梁敏)	61	independent non-executive Director	August 2024	August 2024	supervising and providing independent opinion and judgment to the board	none
Mr. Chan Yik Pun (陳奕斌)	44	independent non-executive Director	upon [REDACTED]	upon [REDACTED]	supervising and providing independent opinion and judgment to the board	none

Executive Directors

Mr. Li Liangjun (李良軍), aged 45, is the chairman of the Board, general manager and executive Director of our Company. Mr. Li served successively as the manager, the executive Director, a Director of our Company from September 2012 to February 2018. Since February 2018, he has been serving as chairman of the Board and general manager of the Company. Mr. Li was redesignated as an executive Director in November 2025. He is primarily responsible for the overall management of our Group, overall strategic planning, business direction and operational management.

Since December 2017, he has been serving as the executive managing partner at Changzhou Hongzhi, which is an employee shareholding platform and one of our Controlling Shareholders. From December 2017 to January 2025, he served as the executive director and manager of Chengdu CRP Intelligent Equipment Co., Ltd.* (成都卡諾普智能裝備有限公司), one of the then subsidiaries of our Company which was deregistered in January 2025. Mr. Li also holds positions at Jiangsu CRP Robotics Co., Ltd.* (江蘇卡諾普機器人有限公司), which is our wholly-owned subsidiary. From December 2021 to September 2025, Mr. Li served as its executive director and since September 2025, he has been serving as its director.

Mr. Li has nearly 25 years of extensive experience in the industry. Prior to the establishment of the Company, from June 1999 to December 2010, Mr. Li worked at Chengdu GUNT Industrial Co., Ltd.* (成都廣泰實業有限公司), now known as Chengdu GUNT Weida CNC Technique Co., Ltd.* (成都廣泰威達數控技術股份有限公司) (“**Chengdu GUNT**”).

Mr. Li graduated from Neijiang Coal Technical College (內江市煤炭技工學校) in July 1999, currently known as Neijiang Technical College (內江市技工學校) majored in coal mine electrical installation.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li has received a series of awards and positions held in the industrial automation, robotics, and standardization industry. From February 2014 to March 2024, he had been serving as a member at the National Technical Committee for Standardization of Industrial Machinery Electrical Systems (全國工業機械電氣系統標準化技術委員會). In May 2018, he was awarded the 2018 Chengdu New Economy Top 100 Outstanding Talent (2018年度成都市新經濟百名優秀人才) by the Chengdu New Economic Development Committee (成都市新經濟發展委員會). In July 2020, he was awarded the Chengdu New Economy Top 100 Outstanding Talent (成都市新經濟百名優秀人才) by the Chengdu Municipal Party Committee and Government, Chengdu New Economic Committee (成都市委市政府、成都市新經濟委). In December 2021, he was awarded the Chengdu Industrial Leader Talent (成都市產業領軍人才) by the Organization Department of the Communist Party of China Chengdu Committee and Chengdu Municipal Economy and Information Technology Bureau (中共成都市委組織部、成都市經濟和信息化局).

Mr. Zhu Lusheng (朱路生), aged 44, is our executive Director, vice general manager and the director of research and development of our Company. Mr. Zhu has been serving successively as the director of research and development since September 2012, as the supervisor from September 2012 to December 2017, as a vice general manager since July 2016, and as a Director since February 2018. Mr. Zhu was redesignated as an executive Director in November 2025. He is primarily responsible for the management and business development of our Group.

From February 2018 to November 2024, he served as the executive Director, and from December 2019 to November 2024, he served as the manager of Chengdu Junnuo Weishi Intelligent Technology Co., Ltd.* (成都鈞諾威視智能科技有限公司), one of the then subsidiaries of our Company which was deregistered in November 2024. Since December 2021, Mr. Zhu has served as the supervisor of Jiangsu CRP Robotics Co., Ltd.* (江蘇卡諾普機器人有限公司), our wholly-owned subsidiary.

Mr. Zhu has over 20 years of extensive experience in the robotics and automation industry. From August 2003 to December 2010, he served at Chengdu GUNT.

Mr. Zhu graduated from Chengdu College of Electronic and Mechanical Engineering (成都電子機械高等專科學校) in July 2002, currently known as Chengdu Technological University (成都工業學院), majored in mechatronics engineering. Mr. Zhu was certified as a mechatronics assistant engineer by the Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局) in September 2023. In January 2024, he was selected for the 2023 Chengdu Industrial Chain Talent Program (2023年度成都市產業建圈強鏈人才計劃) and received a corresponding certificate issued by the Talent Work Leading Group Office of the CPC Chengdu Municipal Committee (中共成都市委人才工作領導小組辦公室). In August 2024, Mr. Zhu was recognized as a Chengdu Category C Talent (成都市C類人才) by the Organization Department of the CPC Chenghua District Committee of Chengdu City, Sichuan Province (四川省成都市成華區委組織部), a certification valid for two years. Furthermore, in December 2024, he was awarded the Tianfu Qingcheng Program Certificate (天府青城計劃證書) by the Talent Work Leading Group of the CPC Sichuan Provincial Committee (中共四川省委人才工作領導小組).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Gu Fei (谷菲), aged 41, is our executive Director and vice director of research and development. Since September 2012, Ms. Gu has been serving as a vice director of research and development of the Company. Ms. Gu served as the supervisor of our Company from December 2017 to September 2018 and served as a Director since September 2018. Ms. Gu was redesignated as an executive Director in November 2025. She is primarily responsible for the management and business development of our Group.

From December 2017 to January 2025, she served as the supervisor of Chengdu CRP Intelligent Equipment Co., Ltd.* (成都卡諾普智能裝備有限公司), one of the former subsidiaries of our Company which was deregistered in January 2025.

Ms. Gu has over 18 years of extensive experience in the robotics and automation industry. From August 2007 to January 2011, she served as a research and development engineer at Chengdu GUNT.

Ms. Gu graduated from Chengdu University (成都大學) in July 2007, with a bachelor’s degree in engineering, majoring in automation. Ms. Gu was qualified as an Intermediate Engineer in Electronics and Information (中級工程師–電子信息) by the Chengdu Chenghua District Human Resources and Social Security Bureau (成都市成華區人力資源和社會保障局) in March 2025. She also holds five patents as the first inventor, granted by the National Intellectual Property Administration (國家知識產權局) between May 2015 and October 2021.

Non-executive Directors

Ms. Qing Chen (卿晨), aged 43, joined our Company as a Director since September 2018 and was redesignated as a non-executive Director in November 2025. She is primarily responsible for providing professional opinion and judgment to our Board.

Ms. Qing has over 17 years of extensive experience in the investment and technology industries. From August 2008 to September 2010, Ms. Qing served as a project staff of direct investment department at Industrial Securities Co., Ltd. (興業證券股份有限公司) (“**Industrial Securities**”), a company listed on the Shanghai Stock Exchange (stock code: 601377), and from October 2010 to July 2017, she served as a investment manager at one of Industrial Securities’ subsidiaries, Xingzheng Innovation Capital Management Co., Ltd.* (興證創新資本管理有限公司). From November 2015 to July 2017, she served as a director at Shanghai Xingye Venture Capital Co., Ltd.* (上海興燁創業投資有限公司). She has been serving as a partner at Richen Investment Management Co., Ltd.* (興富投資管理有限公司) since July 2017. From April 2020 to May 2025, she serves as a director at Zhenyue Automation Technology (Shanghai) Co., Ltd.* (臻越自動化技術(上海)有限公司). From June 2021 to present, she serves as a director at Shanghai Leading Technology Co., Ltd.* (上海六晶科技股份有限公司). From February 2022 to present, she serves as a director at Shanghai Mange Technology Co., Ltd.* (上海漫格科技有限公司). From October 2022 to present, she serves as a supervisor at Mega Phase Industrial Inspection Technology (Shanghai) Co., Ltd.* (上海盛相工業檢測科技有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Ms. Qing graduated with a bachelor’s degree in statistics from Shanghai University of Finance and Economics (上海財經大學) in July 2004 and further obtained a master’s degree in business administration from Fudan University (復旦大學) in January 2014. In addition, Ms. Qing obtained a master’s degree in business administration on a part-time basis from Tsinghua University (清華大學) in December 2024.

Mr. Huang He (黃河), aged 48, joined our Company as a Director since February 2018 and was redesignated as a non-executive Director in November 2025. Mr. Huang is primarily responsible for providing professional opinion and judgment to our Board.

Mr. Huang has been working at Northern Lights Consulting (Beijing) Co., Ltd.* (北極光諮詢顧問(北京)有限公司) since August 2010, where he successively held several positions, including vice president from August 2010 until February 2013, executive director from March 2013 to January 2016, and partner from February 2016 to the present. Mr. Huang has served as a non-executive director at Zhejiang Hechuan Technology Co., Ltd.* (浙江禾川科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688320) from March 2015 to October 2024.

Mr. Huang graduated from Tsinghua University in July 1999 with a bachelor’s degree in engineering in thermal energy and power engineering and double bachelor’s degree in engineering in environmental engineering. Mr. Huang subsequently obtained a doctor of engineering degree in power engineering and engineering thermophysics in July 2004. He obtained the China Securities Investment Fund Practicing Certificate (中國證券投資基金從業證書) issued by the Asset Management Association of China (中國證券投資基金業協會) in November 2017.

Mr. Li Xiang (李祥), aged 48, has been appointed as our non-executive Director and employees’ representative Director with effect upon [REDACTED]. Prior to these positions, from June 2017 to June 2021, he served as a robotics project director, and from June 2021 to November 2025, he served as the chairman of the supervisory board and welding product director of our Company. Mr. Li Xiang is primarily responsible for providing professional opinion and judgment to our Board.

Mr. Li Xiang has over 20 years of extensive experience in the engineering and automation industry. From May 2003 to March 2010, he served at Chengdu Hanyan Weida Automatic Welding Equipment Co., Ltd.* (成都焊研威達自動焊接設備有限公司), now known as Chengdu Hanyan Weida Science & Technology Co., Ltd.* (成都焊研威達科技股份有限公司) where he held the positions of electrical engineer, electrical supervisor and technical director. From May 2011 to June 2017, Mr. Li Xiang served as the manager and head of robot department at two subsidiaries of Shenzhen Jasic Technology Co., Ltd.* (深圳市佳士科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300193). Specifically, from May 2011 to April 2014, he served at Chengdu Jasic Technology Co., Ltd.* (成都佳士科技有限公司), and from April 2014 to June 2017, he served at Shenzhen Jasic Robot Automation Equipment Co., Ltd.* (深圳市佳士機器人自動化設備有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Xiang graduated from Wuhan University of Hydraulic and Electric Engineering (武漢水利電力大學), now merged into Wuhan University (武漢大學), with an associate degree in electrical technology in July 1998. Mr. Li Xiang was certified as a senior engineer in mechatronics (機電一體化高級工程師) by the Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局). In March 2022, he was awarded the “Dongjiao Yingcai” title (東驕英才) by the CPC Chenghua District Committee and Chenghua District People’s Government (中共成都市成華區委、成都市成華區人民政府). Also in March 2022, he served as Secretary-General of the Chengdu Intelligent Welding Equipment Industry Association (成都智能焊接裝備行業協會) with a term of five years. In May, 2022, he was awarded the Chenghua Craftsman honor (成華工匠) by the Organization Department of the CPC Chenghua District Committee, Chenghua District Human Resources and Social Security Bureau, and Chenghua District Federation of Trade Unions (中共成都市成華區委組織部、成都市成華區人力資源和社會保障局、成都市成華區總工會). In December 2022, he was awarded the Chengdu May Day Labor Medal (成都市五一勞動獎章) by the Chengdu Federation of Trade Unions (成都市總工會). In March 2023, he served as vice chairman of the First Council of the Sichuan Province Energy Equipment Intelligent Welding Engineering Research Center (四川省能源裝備智能焊接工程研究中心) with a term of four years.

Independent Non-executive Directors

Ms. Zhi Nan (支楠), aged 64, has been serving as our independent non-executive Director since November 2025. Prior to that, she served as our independent director from June 2021 to November 2025. Ms. Zhi is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Zhi has over 43 years of extensive experience in the electrical and automation industry. From August 1982 to December 1999, she served as director of the research office and director of technology development at Chengdu Electric Welding Machine Research Institute (成都電焊機研究所), now known as Chengdu Electric Welding Machine Research Institute Co., Ltd.* (成都電焊機研究所有限公司), where she was primarily responsible for product technology development. From 2000 to 2017, she served as chief engineer and technology director at Chengdu Sanfang Electric Co., Ltd.* (成都三方電氣有限公司), a subsidiary of Suzhou Electric Apparatus Research Institute Co., Ltd.* (蘇州電器科學研究院股份有限公司) which is listed on the Shenzhen Stock Exchange (stock code: 300215).

Ms. Zhi graduated from Hefei University of Technology (合肥工業大學) in July 1982 with a bachelor’s degree in engineering, majoring in industrial automation. In October 1996, she was qualified as a senior engineer in automatic control by the Ministry of Mechanical Industry of the People’s Republic of China (中華人民共和國機械工業部).

Ms. Liang Min (梁敏), aged 61, has been serving as our independent non-executive Director since November 2025. Prior to that, she served as our independent director from August 2024 to November 2025. Ms. Liang is primarily responsible for supervising and providing independent opinion and judgment to the Board.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Liang has years of extensive experience in the technology and software industry. From July 1985 to September 1988, Ms. Liang worked at State-owned No. 784 Factory, now known as Chengdu Zhongdian Jinjiang Information Industry Co., Ltd.* From September 1991 to August 1994, Ms. Liang worked at Sichuan Sikai Network Software Co., Ltd.* (四川四凱網絡軟件有限公司), now known as Sichuan Sikai Development Technology Group Co., Ltd.* (四川四凱發展科技集團有限公司) (“**Sichuan Sikai**”). From February 2000 to July 2001, Ms. Liang worked at system development department of the Osaka Technology Center of Aioi Nissay Dowa Insurance Co., Ltd.* (あいおい損害保険株式會社). From March 2004 to April 2006, Ms. Liang worked at Sichuan Sikai. From January 2007 to September 2019, Ms. Liang held various roles including practice area leader and service delivery manager of IBM Solution and Services (Shenzhen) Company Limited Chengdu Branch, a subsidiary ultimately controlled by International Business Machines Corporation which is listed on New York Stock Exchange (stock code: IBM).

Ms. Liang graduated from Chengdu University of Science and Technology (成都科技大學) in July 1985 with a bachelor’s degree in engineering, majoring in automation. In June 1991, Ms. Liang obtained a master’s degree in engineering, majoring in automatic control theory and applications, from Sichuan University (四川大學).

Mr. Chan Yik Pun (陳奕斌), aged 44, has been appointed as our independent non-executive Director with effect upon [REDACTED]. Mr. Chan is primarily responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Chan has over 20 years of extensive experience in the finance and accounting industry. From September 2005 to August 2009, he worked at Grant Thornton (致同會計師事務所) with his last position as Audit – Senior Accountant. From August 2010 to September 2012, he served as Financial Control Manager at Regal Hotels International Limited, the wholly owned management arm of Regal Hotels International Holdings Limited, a company listed on the Stock Exchange (stock code: 78). From October 2012 to September 2014, he served as senior accountant at Ernst & Young (Shanghai) and Ernst & Young (Australia) (安永(上海), 安永(澳大利亞)). From March 2015 to July 2016, he served as senior finance manager at Chaoyue Group Limited (超越集團有限公司), now known as International Business Settlement Holdings Limited (國際商業結算控股有限公司), a company listed on the Stock Exchange (stock code: 147). From August 2016 to January 2017, he served as financial controller and company secretary at Zall Group Ltd. (卓爾集團股份有限公司), now known as Zall Smart Commerce Group Ltd. (卓爾智聯集團有限公司), a company listed on the Stock Exchange (stock code: 2098). From July 2022 to May 2023, he served as financial controller of the hotel division at Sun Hung Kai Real Estate Agency Limited (新鴻基地產代理有限公司), a subsidiary of Sun Hung Kai Properties Limited. (新鴻基地產發展有限公司), a company listed on the Stock Exchange (stock code: 16).

From April 2017 to September 2023, he served as financial controller at Tianfang Hospitality Management Pte Ltd.. From November 2023 to present, he served as finance director at Tianfang Jincheng (HK) Limited (天房津城(香港)有限公司). From February 2024 to present, he served as an independent non-executive director at Xintian Green Energy Co., Ltd.* (新天綠色能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600956). From October 2024 to present, he served as company secretary at Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司), a company listed on the Stock Exchange (stock code: 02563).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan graduated from Monash University in December 2004 with a bachelor’s degree in business, majored in accounting and minoring in economics. In addition, Mr. Chan holds professional qualifications, he was qualified as a Hong Kong Certified Public Accountant by the Hong Kong Institute of Certified Public Accountants (香港會計師公會) in September 2023 and as an Australian Certified Public Accountant by CPA Australia in May 2009.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets out the key information about our senior management of our Group.

Name	Age	Positions	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Li Liangjun (李良軍)	45	chairman of the Board, general manager and executive Director	September 2012	September 2012	overall management of our Group, overall strategic planning, business direction and operational management	Mr. Li is the brother-in-law of Mr. Zeng, one of our senior management
Mr. Zhu Lusheng (朱路生)	44	executive Director, vice general manager and director of research and development	September 2012	September 2012	management and business development of our Group	none
Ms. Gu Fei (谷菲)	41	executive Director and vice director of research and development	September 2012	June 2021	management and business development of our Group	none
Mr. Zeng Bing (曾兵)	38	director of operations and vice general manager	September 2012	September 2012	operations management and business development of our Group	Mr. Zeng is the brother-in-law of Mr. Li, our executive Director

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Positions	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities	Relationship with other Directors and senior management
Ms. Song Qionglian (宋瓊蓮)	46	chief financial officer	October 2015	October 2015	establishing the financial framework, formulating financial strategy, capital operations, fund management, and external risk control management	none
Mr. Deng Shihai (鄧世海)	38	vice general manager and director of general administration	September 2012	September 2012	general administration management of our Group	none
Mr. Xia Huisheng (夏輝勝) (formerly known as Xia Huisheng (夏輝盛))	46	vice general manager and vice director of research and development	August 2013	June 2021	team building, product management, customer support, and client solutions	none
Mr. Song Zhexing (宋哲行)	35	vice general manager and secretary of the Board	August 2019	June 2021	overall corporate governance, information disclosure, investor relation and other Board-related matters	none

Mr. Li Liangjun (李良軍), see “– Board of Directors – Executive Directors” for details.

Mr. Zhu Lusheng (朱路生), see “– Board of Directors – Executive Directors” for details.

Ms. Gu Fei (谷菲), see “– Board of Directors – Executive Directors” for details.

Mr. Zeng Bing (曾兵), aged 38, has been serving as our director of operations and vice general manager since September 2012. Prior to these positions, he served successively as the director of production center from September 2012 to June 2021, as the supervisor from September 2018 to April 2020, and as a Director from April 2020 to November 2025. Mr. Zeng is primarily responsible for operations management and business development of our Group.

From September 2006 to February 2011, Mr. Zeng worked at Chengdu GUNT.

Mr. Zeng graduated from Longchang County Adult Secondary Specialized School (隆昌縣成人中等專業學校) in July 2005, majored in computer and secretarial studies.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Song Qionglian (宋瓊蓮), aged 46, has been serving as our chief financial officer since October 2015. Ms. Song is primarily responsible for overall financial management of our Company, including establishing the financial framework, formulating financial strategy, capital operations, fund management, and external risk control management.

Ms. Song has extensive experience in finance and accounting. From July 2007 to July 2010, Ms. Song was the chief accountant at Sichuan Zhongzi Environmental Protection Technology Co., Ltd.* (四川中自環保科技股份有限公司), currently known as SINOTECH Company Limited (中自科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688737). From August 2010 to September 2015, she served as financial director at Chengdu Kangrun Import & Export Co., Ltd.* (成都康潤進出口有限公司), where she was primarily responsible for the comprehensive financial management of the company, covering the establishment of financial frameworks, formulation of financial strategies, capital operations, treasury management, and external risk control management.

Ms. Song graduated from Sichuan Agricultural University (四川農業大學) in June 2005 with a bachelor’s degree in management, majoring in land resources management. In December 2016, Ms. Song was qualified as certified tax agent by China Certified Tax Agents Association (中國註冊稅務師協會). In June 2024, she was awarded the title of Senior Accountant by the Chengdu Human Resources and Social Security Bureau (成都市人力資源和社會保障局).

Mr. Deng Shihai (鄧世海), aged 38, has been serving as our vice general manager and director of general administration since September 2012. Mr. Deng is primarily responsible for general administration management of our Group.

Mr. Deng joined our Company in September 2012. From September 2012 to June 2021, he held successive positions including the executive Director. From December 2019 to November 2024, Mr. Deng served as supervisor of Chengdu Junnuo Weishi Intelligent Technology Co., Ltd.* (成都鈞諾威視智能科技有限公司), one of the then wholly-owned subsidiaries of our Company which was deregistered in November 2024.

Prior to joining the Company, Mr. Deng served at Chengdu GUNT from January 2009 to February 2011.

Mr. Deng graduated from Sichuan Normal University (四川師範大學) in June 2009 with a bachelor’s degree in engineering, majored in communication engineering. In November 2023, he was awarded the “2022 Chengdu Industry and Information Technology Leader Entrepreneur” (2022年成都市工業和信息化行業領軍企業家) by Chengdu Federation of Industrial Economics (成都市工業經濟聯合會).

Mr. Xia Huisheng (夏輝勝) (formerly known as Xia Huisheng (夏輝盛)), aged 46, has been serving as our vice general manager and vice director of research and development since June 2021. Mr. Xia is primarily responsible for team building, product management, customer support, and client solutions.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xia joined our Company in August 2013. From August 2013 to June 2021, he held the position of head of technical department, responsible for establishing the technical services team, software testing team, and application requirements team, as well as overseeing the operational and managerial aspects of these teams.

Mr. Xia has over 24 years of extensive experience in the industrial technology sector. From January 2002 to February 2004, Mr. Xia worked at Nanjing Huaxing CNC Technology Co., Ltd.* (南京華興數控技術有限公司). From March 2004 to August 2008, Mr. Xia worked as a technical engineer at Nanjing Huijie CNC Equipment Co., Ltd.* (南京匯傑數控設備有限責任公司). From September 2008 to June 2009, Mr. Xia served as a technical engineer at Parlec Machinery (Nanjing) Co., Ltd.* (帕萊克機械(南京)有限公司). From July 2009 to July 2013, Mr. Xia held the position of technical supervisor at Nanjing Sinac Automation Co., Ltd.* (南京新那克自動化有限公司).

Mr. Xia graduated from Nanjing Institute of Technology (南京工程學院) in June 2001 with an associate degree in mechanical manufacturing technology and equipment (CAD).

Mr. Song Zhexing (宋哲行), aged 35, has been serving as our vice general manager and secretary of the Board since June 2021. Mr. Song is primarily responsible for overall corporate governance, information disclosure, investor relation and other Board-related matters.

Mr. Song joined our Company in August 2019. From August 2019 to June 2021, Mr. Song previously served as assistant to the general manager, with specific responsibilities encompassing financing coordination and the development of internal systems.

Mr. Song has extensive experience in the investment industry. From November 2016 to September 2018, Mr. Song held the position of investment director at Chengdu Pengjin Asset Management Co., Ltd.* (成都朋錦資產管理有限公司). From October 2018 to July 2019, he served as the manager at Wenjiang Nihao Dashan E-Commerce Business Department* (溫江你好大山電子商務經營部).

Mr. Song graduated from Nanjing Institute of Technology (南京工程學院) in June 2014 with a bachelor’s degree, majored in Accounting (Certified Public Accountant). He further obtained a degree of master of science in international accounting and finance in October 2015, from Bournemouth University.

COMPANY SECRETARY

Mr. Song Zhexing (宋哲行), has been appointed as a joint company secretary of our Company with effect from the [REDACTED]. See “– Senior Management” for details.

Ms. Wong Mei Fung Carrie (黃美鳳), was appointed as a joint company secretary of our Company with effect from the [REDACTED].

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong brings over 20 years of expertise in provision of company secretarial services and corporate governance for companies in Hong Kong. Before joining [REDACTED] (as defined below), Ms. Wong worked at a professional services firm. Her diverse portfolio encompasses both listed and private clients in various industries including trading, construction, engineering and insurance companies and individual clients.

In her current role as manager, entity solutions at [REDACTED], she continues to leverage her extensive expertise in corporate governance and compliance to support clients in navigating complex regulatory environments and strategic initiatives.

Ms. Wong holds a degree of bachelor of arts (accounting and finance) from Edinburgh Napier University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations, the Articles and the Listing Rules, we have established our Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee.

Audit Committee

We have established an audit committee with terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code on November 7, 2025. The audit committee consists of Mr. Chan Yik Pun (陳奕斌), Ms. Liang Min (梁敏) and Ms. Zhi Nan (支楠), with Mr. Chan Yik Pun (陳奕斌) being the chairman of the committee.

The primary function of the audit committee is to assist our Board in providing an independent view of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board which includes, amongst other things:

- proposing to the Board of Directors the appointment and replacement of external audit firms;
- supervising the implementation of our internal audit system;
- liaising between our internal audit department and external auditors;
- reviewing our financial information and related disclosures; and
- other duties conferred by the Board of Directors.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We have established a remuneration committee with terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code on November 7, 2025. The remuneration committee consists of Ms. Liang Min (梁敏), Mr. Li Liangjun (李良軍) and Ms. Zhi Nan (支楠), with Ms. Liang Min (梁敏) being the chairman of the committee.

The primary function of the remuneration committee is to develop remuneration policies of our Directors, evaluate the performance, make recommendations on the remuneration packages of our Directors and senior management and evaluate and make recommendations on employee benefit arrangements which includes, amongst other things:

- establishing, reviewing and making recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management;
- determining the terms of the specific remuneration package of each Director and members of senior management;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and other duties conferred by the Board of Directors.

Nomination Committee

We have established a nomination committee with terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code on November 7, 2025. The nomination committee consists of Ms. Zhi Nan (支楠), Mr. Zhu Lusheng (朱路生) and Ms. Liang Min (梁敏), with Ms. Zhi Nan (支楠) being the chairman of the committee.

The primary function of the nomination committee is to make recommendations to our Board in relation to the appointment and removal of Directors which includes, amongst other things:

- reviewing the structure, size and composition of our Board on a regular basis and making recommendations to the Board regarding any proposed changes;
- identifying, selecting or making recommendations to our Board on the selection of individuals nominated for directorships;
- assessing the independence of our independent non-executive Directors;
- making recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of our Directors; and
- other duties conferred by the Board of Directors.

DIRECTORS AND SENIOR MANAGEMENT

Strategy Committee

We have established a strategy committee with terms of reference in compliance with the Articles of Association on November 7, 2025. The strategy committee consists of Mr. Zhu Lusheng (朱路生), Mr. Li Liangjun (李良軍) and Mr. Huang He (黃河), with Mr. Zhu Lusheng (朱路生) being the chairman of the committee.

The primary duties of the strategy committee are to review our Company’s long-term development strategies and major investment decisions, and to make recommendations to our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as at the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company’s business which would require disclosure under Rule 8.10 of the Listing Rules.

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 on October 27, 2025, and (ii) understands all the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false statement or providing false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he had 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 at the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his appointment.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Code Provision C.2.1 of the Corporate Governance Code

Under paragraph C.2.1 of the Corporate Governance Code, the roles of chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual. Mr. Li Liangjun is our chairman of the Board and the general manager and executive Director of our Company. With extensive experience in the industrial robotics industry, Mr. Li is in charge of overall management, business, strategic development and scientific research and development of our Group. Despite the fact that the roles of our chairman of the Board and our general manager and executive Director of the Company are both performed by Mr. Li which constitutes a deviation from paragraph C.2.1 of the Corporate Governance Code, our Board considers that vesting the roles of chairman and our chief executive officer of the Company 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 diverse individuals. Our Board currently comprises three executive Directors (including Mr. Li), three non-executive Directors and three independent non-executive Directors, and therefore has a strong independence element in its composition.

Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the [REDACTED].

Board Diversity

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) prior to the [REDACTED] in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at the Latest Practicable Date, our Board consists of five male members and four female member with ages ranging from 41 years old to 64 years old. Our Directors have a balanced portfolio of knowledge and skills, including intelligent technology, engineering and automation technology, electric machinery manufacturing, fund investment, enterprise management and accounting. They obtained degrees in various fields such as engineering, business administration and accounting. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain high standard of operation.

DIRECTORS AND SENIOR MANAGEMENT

Upon the [REDACTED], the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report.

EMOLUMENT OF DIRECTORS AND SENIOR MANAGEMENT

We offer our Directors and senior management members, who are also employees of our Company, emolument in the form of salaries, allowances, bonuses and benefits in kind. Our independent non-executive Directors receive emolument based on their responsibilities (including being members or chairman of Board committees).

The aggregate amount of remuneration which was paid to our Directors (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) for the three years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 were RMB1.66 million, RMB1.82 million, RMB1.97 million and RMB1.29 million, respectively.

It is estimated that the aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions, and equity-settled share award expenses) payable to Directors for the year ending December 31, 2025 will be approximately RMB2.65 million under arrangements in force at the date of this document.

The aggregate amount of remuneration which were paid by the Group to our five highest paid individuals (excluding Directors) for the three years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 were RMB3.72 million, RMB2.51 million, RMB2.52 million and RMB1.56 million, respectively.

None of our Directors or any past directors of any member of the Group has been paid any sum of money for the three years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025 as (a) an inducement to join or upon joining the Company; or (b) a compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025.

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals of our Group during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

For additional information on Directors’ remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 8 and 9 of the Accountants’ Report in Appendix I to this document.

COMPLIANCE ADVISER

We have appointed Zhongtai International Capital Limited as our compliance adviser pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- a. before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- b. where a transaction, which might constitute a notifiable or connected transaction under the Listing Rules, is contemplated, including share issues and securities repurchases;
- c. where we propose to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document;
- d. where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules; and
- e. Pursuant to Rule 19A.06 of the Listing Rules, Zhongtai International Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Zhongtai International Capital Limited will also inform us of any amendment or supplement to applicable laws and guidelines.

The term of the appointment will commence on the [REDACTED] and end on the date on which we distribute the annual report of the first full financial year commencing after the [REDACTED] pursuant to the Rule 13.46 of the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

Immediately before the [REDACTED]

As at the Latest Practicable Date, the registered share capital of the Company was RMB45,000,000, comprising of 45,000,000 Domestic Unlisted Shares with a nominal value of RMB1.00 (or [REDACTED] Domestic Unlisted Shares with a nominal value of RMB[REDACTED] assuming that the [REDACTED] is completed).

Upon the Completion of the [REDACTED]

Immediately after the [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
H Shares to be converted from Domestic Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	[REDACTED]%

Immediately after the [REDACTED] (assuming that the [REDACTED] is completed and the [REDACTED] exercised in full), the share capital of the Company will be as follows.

Description of Shares	Number of Shares	Approximate % of the enlarged issued share capital after the [REDACTED]
H Shares to be converted from Domestic Unlisted Shares	[REDACTED]	[REDACTED]%
H Shares to be issued pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	[REDACTED]	[REDACTED]%

SHARE CAPITAL

CLASS OF SHARES

Upon completion of the [REDACTED], we would have only one class of Shares, namely H Shares. The H Shares in issue following the completion of the [REDACTED] and the Domestic Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. Apart from certain qualified domestic institutional investors in the PRC, as well as certain PRC qualified investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval or filing with any competent authorities, including our existing Shareholders who may convert their Domestic Unlisted Shares into H shares upon completion of filing with the CSRC, H Shares generally cannot be [REDACTED] by or traded among legal and natural persons of the PRC.

RANKING

Domestic Unlisted Shares and H Shares are regarded as one class of Shares under the 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 Shares may be paid by us in Hong Kong dollars or Renminbi. In addition to cash, dividends may be distributed in the form of Shares.

CONVERSION OF OUR DOMESTIC UNLISTED SHARES INTO H SHARES

Our Company has [filed] for a “full circulation” of all the existing [REDACTED] Domestic Unlisted Shares (assuming that the [REDACTED] is completed) into H Shares on a one-for-one basis, and submitted the application reports, authorisation documents of the shareholders of Domestic Unlisted Shares for which an H-share “full circulation” are applied, commitment regarding share compliance and other documents in accordance with the requirements of the CSRC.

The relevant filings of the conversion of the existing [REDACTED] Domestic Unlisted Shares (assuming that the [REDACTED] is completed) held by the existing Shareholders into H Shares on a one-for-one basis have been completed on [•].

According to the stipulations by the State Council’s securities regulatory authority and the Articles of Association, the holders of our Domestic Unlisted Shares may, at their own option, authorise the Company to apply to the CSRC for conversion of their respective Shares to H Shares. After the conversion of Domestic Unlisted Shares, such converted Shares may be [REDACTED] or traded on an overseas stock exchange, provided that prior to the [REDACTED] and trading of such converted shares any requisite internal approval processes shall have been duly completed and the approval or filing from the relevant PRC regulatory authorities, including the CSRC, shall have been obtained. In addition, such conversion, trading and [REDACTED] shall in all respects comply with the regulations prescribed by the State Council’s securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

SHARE CAPITAL

Approval of the Stock Exchange is required for the [REDACTED] of such converted [REDACTED] on the Stock Exchange. Based on the methodology and procedures for the conversion of our Domestic Unlisted Shares into H Shares as described in this section, we can apply for the [REDACTED] of all or any portion of our Domestic Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of shares for entry on the [REDACTED]. As any [REDACTED] of additional Shares after our [REDACTED] on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for [REDACTED] at the time of our [REDACTED] in Hong Kong.

After the completion of filing and all the requisite approvals have been obtained, the following procedure will need to be completed in order to effect the conversion: the relevant Domestic Unlisted Shares will be withdrawn from the Domestic Share register and we will re-register such Shares on our [REDACTED] maintained in Hong Kong and instruct the [REDACTED] to issue H Share certificates. Registration on our [REDACTED] will be conditional on (a) the [REDACTED] lodging with the Stock Exchange a letter confirming the proper entry of the relevant H Shares on the [REDACTED] and the due dispatch of [REDACTED] and (b) the admission of the H Shares to [REDACTED] on the Stock Exchange in compliance with the Listing Rules, [REDACTED] in force from time to time. Until the converted shares are re-registered on our [REDACTED], such Shares would not be [REDACTED] as H Shares.

No Shareholder voting by class is required for the [REDACTED] and [REDACTED] of the converted Shares on an overseas stock exchange. Any application for [REDACTED] of the converted shares on the Stock Exchange after our initial [REDACTED] is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

SHARE CAPITAL

Following the completion of the [REDACTED] and filing procedure with the CSRC on [•], a total of [REDACTED] Domestic Unlisted Shares (assuming that the [REDACTED] is completed and the [REDACTED] is not exercised) held by all Shareholders will be converted into H Shares on a one-for-one basis and [REDACTED] on Stock Exchange for trading, details of the conversion and numbers of H Shares and Domestic Unlisted Shares before and after the [REDACTED] are set out as below:

Name of Shareholders	Number of Domestic Unlisted Shares held as at the Latest Practicable Date	Number of Shares immediately after the completion of the [REDACTED]	Number of Shares applied for Conversion into H Shares immediately after the completion of the [REDACTED]	Shareholding as at the Latest Practicable Date	H Shares	
					Number of H Shares held after the [REDACTED] (assuming the [REDACTED] is not exercised)	Shareholding after the [REDACTED] (assuming the [REDACTED] is not exercised)
Mr. Li	7,383,784	[REDACTED]	[REDACTED]	16.41%	[REDACTED]	[REDACTED]%
Mr. Zhu	7,383,784	[REDACTED]	[REDACTED]	16.41%	[REDACTED]	[REDACTED]%
Beta Achieve	6,006,645	[REDACTED]	[REDACTED]	13.35%	[REDACTED]	[REDACTED]%
Richen Emerging Industry	4,156,598	[REDACTED]	[REDACTED]	9.24%	[REDACTED]	[REDACTED]%
Changzhou Hongzhi	3,514,386	[REDACTED]	[REDACTED]	7.81%	[REDACTED]	[REDACTED]%
Guohong Jiyuan	2,278,485	[REDACTED]	[REDACTED]	5.06%	[REDACTED]	[REDACTED]%
Ms. Gu	1,737,779	[REDACTED]	[REDACTED]	3.86%	[REDACTED]	[REDACTED]%
Mr. Xia	1,733,978	[REDACTED]	[REDACTED]	3.85%	[REDACTED]	[REDACTED]%
Mr. Liao Xiaolong	1,645,821	[REDACTED]	[REDACTED]	3.66%	[REDACTED]	[REDACTED]%
Mr. Wang Zhibin	1,645,821	[REDACTED]	[REDACTED]	3.66%	[REDACTED]	[REDACTED]%
Eastern Bell Equity	1,312,957	[REDACTED]	[REDACTED]	2.92%	[REDACTED]	[REDACTED]%
Mr. Zeng	1,301,460	[REDACTED]	[REDACTED]	2.89%	[REDACTED]	[REDACTED]%
Mr. Deng	1,301,460	[REDACTED]	[REDACTED]	2.89%	[REDACTED]	[REDACTED]%
Yangzhou Qixin	641,249	[REDACTED]	[REDACTED]	1.42%	[REDACTED]	[REDACTED]%
Shuanghuan Driveline	541,139	[REDACTED]	[REDACTED]	1.20%	[REDACTED]	[REDACTED]%
TTGG	450,000	[REDACTED]	[REDACTED]	1.00%	[REDACTED]	[REDACTED]%
Huatuo Zhiyin	320,627	[REDACTED]	[REDACTED]	0.71%	[REDACTED]	[REDACTED]%
Dianke Haimei	316,138	[REDACTED]	[REDACTED]	0.70%	[REDACTED]	[REDACTED]%
Eastern Bell Qinglan	288,211	[REDACTED]	[REDACTED]	0.64%	[REDACTED]	[REDACTED]%
Chengdu Chenghua	273,636	[REDACTED]	[REDACTED]	0.61%	[REDACTED]	[REDACTED]%
Zhangke Yaokun	273,636	[REDACTED]	[REDACTED]	0.61%	[REDACTED]	[REDACTED]%
Jincheng Music Technology	273,636	[REDACTED]	[REDACTED]	0.61%	[REDACTED]	[REDACTED]%
Richen Digital Intelligence	218,770	[REDACTED]	[REDACTED]	0.49%	[REDACTED]	[REDACTED]%

SHARE CAPITAL

SHAREHOLDERS’ GENERAL MEETINGS

For details of circumstances under which Shareholders’ general meeting is required, please refer to “Appendix III – Summary of Articles of Association” to this document.

REGISTRATION OF SHARES NOT LISTED ON AN OVERSEAS STOCK EXCHANGE

According to the Notice of Centralised Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on any overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 business days upon its listing and provide a written report to the CSRC regarding the centralised registration and deposit of its unlisted shares as well as the current offering and listing of shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares issued prior to any public offering of shares by a company cannot be transferred within one year from the date on which such publicly offered shares are listed and traded on the relevant stock exchange. As such, the Shares issued by our Company prior to the issue of H Shares will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED].

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from our Shareholders is required for our Company to [REDACTED] H Shares and apply the [REDACTED] of H Shares on the Stock Exchange. Our Company has obtained such approval at the Shareholders’ meeting held on November 7, 2025.

SUBSTANTIAL SHAREHOLDERS

To the best of the knowledge of our Directors, the following persons will, immediately after the completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised), have an interest or short position in our Shares or underlying Shares which are required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company:

Shareholder/ Ultimate Shareholder	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of interest	
				In the relevant class of Shares upon the completion of the [REDACTED] ⁽¹⁾	In the total share capital of our Company upon the completion of the [REDACTED] ⁽¹⁾
Mr. Li ⁽²⁾⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhu ⁽²⁾⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Beta Achieve	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Changzhou Hongzhi ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. Gu Fei ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Xia Huisheng ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zeng Bing ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Deng Shihai ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) Assuming that the [REDACTED] is completed and the [REDACTED] is not exercised.
- (2) Under the SFO, Mr. Li and Mr. Zhu are deemed to be interested in the Shares held by Changzhou Hongzhi, which was an employee shareholding platform owned as to approximately 1.13% by Mr. Li as the executive general partner and 73.21% by Mr. Zhu as a limited partner. As Mr. Zhu contributed more than one-third of the capital to the limited partnership, he is also deemed to be interested in the Shares held by Changzhou Hongzhi.
- (3) Pursuant to the Concert Party Agreement, Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng acknowledged and confirmed their acting-in-concert relationship in our Company since becoming our direct Shareholders. As such, each of Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng is deemed to be interested in each other’s interest in the Shares under the SFO. For details, see “History, Development and Corporate Structure – Concert Party Agreement.”

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the [REDACTED], have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto included in the Accountants’ Report set out in Appendix I to this document. You should read the entire Accountants’ Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants’ Report has been prepared in accordance with the HKFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed “Forward-looking Statements” and “Risk Factors” in this document.

OVERVIEW

We are an advanced industrial robotics company in China and a pioneer in embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

We hold leading positions in both welding functionality and metal and machining applications of industrial robotic products in China. According to Frost & Sullivan, in terms of revenue in 2024, (i) we rank first among all Chinese manufacturers of welding robots; (ii) we rank first among all Chinese manufacturers in key welding robot sub-segments, including laser welding and cutting robots; and (iii) we hold a leading position among Chinese companies in robotic applications for the metal and machining sector. According to Frost & Sullivan, among all Chinese companies that have achieved scaled production of industrial robots, we are among the leaders in terms of profitability.

We achieved revenue growth during the Track Record Period. Our revenue increased by 12.6% from RMB197.4 million for the year ended December 31, 2022 to RMB222.4 million for the year ended December 31, 2023, and further increased by 5.2% to RMB234.0 million for the year ended December 31, 2024. Our revenue also increased by 36.3% from RMB114.4 million for the six months ended June 30, 2024 to RMB156.0 million for the six months ended June 30, 2025.

FINANCIAL INFORMATION

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our gross profit margin was 27.5%, 27.1%, 30.4%, 30.6% and 32.4%, respectively. We recorded net profit for the year ended December 31, 2022, 2023 and the six months ended June 30, 2025 at RMB28.3 million, RMB1.7 million and RMB8.4 million, respectively, while we incurred net loss for the year ended December 31, 2024 and the six months ended June 30, 2024 at RMB12.9 million and RMB9.7 million, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value at the end of each of the Track Record Period.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by the general factors that impact our total addressable market, including, among others, overall economic growth in China and globally, technological advancement and competitive landscape in the industry in which we operate, geopolitical relations, regulatory oversight and government policies. Changes in any of these general factors could affect the demand for our products and our results of operations.

In addition to the general factors mentioned above, we believe our results of operations are more directly affected by the following specific factors:

Growth Trends in Our Robotic Products or Services as well as the Overall Demand Environment

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots, primarily including six-axis industrial robots and four-axis industrial robots, and selectively expanded into a full series of (ii) collaborative robots and (iii) embodied intelligent robots. Our robotics products offer core strengths in welding while also offering multifunctional capabilities such as cutting, grinding, precision machining, stamping, handling and palletizing, assembly and others. Therefore, our future growth is dependent on the continued expansion of the addressable markets for our product offerings, especially for metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Market forecasts for these products are based on assumptions regarding macroeconomic conditions, manufacturing industry expansion, technological adoption, and the pace of intelligent manufacturing transformation in China and globally. For further detailed analysis about the industrial robotics market where we operate, please refer to “Industry Overview – Analysis of Industrial Robotics and Intelligent Industrial Robotics Market”.

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Driven by industry-specific demands, customization for various applications, technology integration such as AI and enhanced safety measures, there is a trend towards a wider range of application scenarios and use cases of our robotic products or services. The continued development of companies within the industrial chain is generating new industry demands and laying a solid foundation for the sector’s sustainable growth. Please also refer to “Risk Factors – Risks Relating to Our General Operations and Industry – The growth of addressable markets and demand for our products or services may not meet expectations due to various factors, potentially impacting our business, results of operations, and financial condition”.

Supportive Regulatory Climate for Industrial Robotics Market

Governments around the world are implementing policies to support the industrial robotics market where we operate, offering policy assurance and resource backing to advance R&D, manufacturing, and industrial applications. For instance, the PRC government in recent years has been implementing a number of preferential policies and development plans to encourage the development of the industrial robotics market, such as the Implementation Plan for “Robot+” Application Action. However, to the extent that any such favorable government policies were discontinued or reduced in the future, the industrial robotics market may be affected, which may also affect our financial performance and growth prospects.

Our R&D Capabilities

The industrial robotics market is characterized by rapid technological advancements, such as innovations in AI, machine vision, automation software, and robotics hardware shaping the competitive landscape. Our ability to maintain leadership in R&D is crucial for sustaining our position in the market, as technological breakthroughs are often the key differentiators in product performance, cost-effectiveness, and operational flexibility.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses were RMB33.9 million, RMB36.0 million, RMB36.0 million, RMB18.2 million and RMB18.1 million, respectively, accounting for 17.1%, 16.2%, 15.4%, 15.9% and 11.6% of our total revenue for the same years or period, respectively. For details on the analysis of fluctuations in our research and development expenses during the Track Record Period, please refer to “– Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Research and Development Expenses” below. Our products are the best manifestation of our R&D efforts to enhance user experience and make the most of our products’ innovative features. For details of these core technologies, please refer to the section headed “Business – Research and Development” in this document.

However, our R&D efforts may not be successful or yield the anticipated level of economic benefits. Even if our R&D efforts are successful, we cannot guarantee that our products incorporating these newly developed technologies will be well accepted by the market or that we will be able to apply them in a timely manner to take advantage of the opportunities presented in the market. The level of economic benefit that can be derived from newly developed technologies or products may also be affected by our research and development expenses. We may invest substantial amounts in developing new products, such

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as hiring additional R&D personnel and launching new R&D projects. If the sales of new products cannot cover the additional research and development expenses, we may not recoup our investment as expected. If any of the aforesaid occurs, it may have a material adverse effect on our business, financial condition, results of operations and future development.

Our Capability in Building Comprehensive Robotic Portfolio to Seize Market Opportunity

Our robotic portfolio is subject to diversified application scenarios and rapidly evolving customer demands. To achieve sustainable growth, we must continuously enhance our robotic portfolio to keep pace with these changes in a timely and effective manner. To that end, our ability to efficiently develop and launch new robotic products and enhance our existing robotic portfolio is critical to our growth prospects. We have a proven track record in this regard, as demonstrated by our comprehensive robotic portfolio catering to a wide range of application scenarios. We aspire to continue to leverage our existing advantages in this regard and strengthen our robotic portfolio to drive our growth.

Our investments in R&D of new technologies have driven the continuous launch of new products, addressing customer pain points in various new application scenarios and industry sectors. We equip our customers with advanced robots applicable for various industrial applications. In addition, while we strive to achieve efficiency with our R&D efforts, as similar initiatives in the industrial robotics market are usually associated with uncertainties in the process and outcome, we may experience fluctuations in expenses and we may not predict the results of and return on such investment, which, in turn, may affect our results of operations.

Our Capability in Robust Sales and Marketing to Expand Customer Base

We have made proactive efforts in product commercialization and market expansion, which has contributed significantly to the expansion of our market reach and customer base, and, as a result, the growth of our revenue. We adopt a multi-channel sales model that integrates direct sales to system integrators and end customers as well as distribution to cater to the varying needs of our diverse customer base. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our revenue generated from distribution was RMB5.1 million, RMB12.8 million, RMB21.9 million, RMB11.0 million and RMB7.6 million, respectively, accounting for 2.6%, 5.8%, 9.3%, 9.6% and 4.9% of our total revenue for the same years or period, respectively.

We believe that our marketing approach has enabled us to tap into both the benefits of direct sales and distribution in customer engagement and product enhancements, and the benefits of distributorship in market outreach. However, our active efforts to acquire new customers or launch new products may result in higher initial layout of costs required to meet specific customer needs, including longer on-site implementation lead time required for our robotic products to onboarding customers, and production line adjustments associated with the mass production of our newly launched robotic products. Our ability to strengthen our customer base, expand market reach, generate sales, and achieve business growth in the future will continue to rely on the efficiency and breadth of our sales network.

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In order to achieve continuous revenue growth, we have committed, and expect to continue to commit, significant resources to our sales and marketing initiatives to deepen our market penetration and enhance brand recognition. Our selling and distribution expenses were RMB20.5 million, RMB27.1 million, RMB38.1 million, RMB16.8 million and RMB18.0 million for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, accounting for 10.4%, 12.2%, 16.3%, 14.7% and 11.5% of our revenue for the same years or period, respectively.

Ability to Maintain and Improve Cost and Operating Efficiency

Our ability to achieve profitability and sustainable growth depends in part on our management of cost of sales. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales was RMB143.1 million, RMB162.1 million, RMB162.8 million, RMB79.4 million and RMB105.4 million, respectively, accounting for 72.5%, 72.9%, 69.6%, 69.4% and 67.6% of our revenue for the same years or period. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin.

Our results of operations and profitability are also significantly affected by our operating expenses, which primarily comprised selling and distribution expenses, administrative expenses and research and development expenses during the Track Record Period. Our total operating expenses (consisting of research and development expenses, selling and marketing expenses, administrative expenses) as a percentage of our total revenue fluctuated throughout the Track Record Period at 35.9%, 36.2%, 40.1%, 39.8% and 30.2% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Looking ahead, we expect that our selling and marketing expenses, administrative expenses and research and development expenses will remain to account for a significant portion of our total operating expenses.

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 2.3 to the Accountants’ Report in Appendix I to this document sets forth certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management will continually evaluate such estimates, assumptions and judgments based on experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

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DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth key items of our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
REVENUE	197,436	222,365	234,039	114,381	155,957
Cost of sales	(143,070)	(162,146)	(162,821)	(79,427)	(105,354)
Gross profit	54,366	60,219	71,218	34,954	50,603
Other income and gains	47,606	26,689	16,508	6,437	8,462
Research and development expenses	(33,854)	(35,972)	(35,994)	(18,214)	(18,061)
Selling and distribution expenses	(20,545)	(27,080)	(38,129)	(16,782)	(17,986)
Administrative expenses	(16,481)	(17,495)	(19,661)	(10,536)	(11,008)
Other expenses	(181)	(516)	(875)	(601)	(362)
Finance costs	(642)	(955)	(1,329)	(693)	(399)
Impairment losses on financial assets, net	(521)	(3,202)	(4,682)	(4,245)	(2,811)
PROFIT/(LOSS) BEFORE TAX	29,748	1,688	(12,944)	(9,680)	8,438
Income tax expense	(1,483)	—	—	—	—
PROFIT/(LOSS) FOR THE YEAR/PERIOD	28,265	1,688	(12,944)	(9,680)	8,438
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	—	—	115	15	59
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD	28,265	1,688	(12,829)	(9,665)	8,497

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Revenue

Revenue by Product

During the Track Record Period, we generated substantially all of our revenue from sales of our robotic products. During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots (工業機器人), primarily including six-axis industrial robots (六軸工業機器人) and four-axis industrial robots (四軸工業機器人), and selectively expanded into a full series of (ii) collaborative robots (協作機器人) and (iii) embodied intelligent robots (具身智能機器人). We also provide a limited amount of after-sales services related to our robotic products.

The following table sets forth a breakdown of our revenue by offering type for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	124,366	63.0	124,738	56.1	122,274	52.2	63,931	55.9	85,781	55.0
– multifunctional	55,885	28.3	72,151	32.4	75,825	32.4	34,226	29.9	40,449	25.9
– Four-axis	4,386	2.2	9,336	4.2	10,597	4.6	3,779	3.3	8,972	5.8
(ii) Collaborative robots	220	0.1	441	0.2	6,229	2.7	2,764	2.4	9,902	6.3
(iii) Embodied intelligent robots	6,113	3.1	8,255	3.7	9,881	4.2	4,793	4.2	6,730	4.3
(iv) Others⁽¹⁾	5,810	3.0	6,618	3.0	8,518	3.6	4,593	4.0	3,702	2.4
Sub-total	196,780	99.7	221,539	99.6	233,324	99.7	114,086	99.7	155,536	99.7
After-sales services	656	0.3	826	0.4	715	0.3	295	0.3	421	0.3
Total revenue	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

Note:

- (1) Primarily represented (i) customized robots for specific industries including five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and uploading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人); and (ii) robot control cabinets tailor-made for customers.

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Revenue by Industry Sector

The following table sets forth a breakdown of our revenue by application industry sector of our customers for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Metal and machining	162,611	82.4	170,571	76.7	180,193	77.0	94,035	82.2	113,829	73.0
Automotive and components	14,257	7.2	19,461	8.8	26,543	11.3	9,353	8.2	31,453	20.2
Electronics and new energy	11,976	6.1	18,241	8.2	19,334	8.3	7,354	6.4	5,085	3.3
Consumer goods and healthcare	8,592	4.3	14,092	6.3	7,969	3.4	3,639	3.2	5,590	3.5
Total	<u>197,436</u>	<u>100.0</u>	<u>222,365</u>	<u>100.0</u>	<u>234,039</u>	<u>100.0</u>	<u>114,381</u>	<u>100.0</u>	<u>155,957</u>	<u>100.0</u>

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our revenue increased by 36.3% from RMB114.4 million for the six months ended June 30, 2024 to RMB156.0 million for the six months ended June 30, 2025, which was primarily due to an increase in sales revenue of (i) our six-axis welding industrial robots of RMB21.9 million; (ii) our collaborative robots of RMB7.1 million; (iii) our six-axis multifunctional industrial robots of RMB6.2 million; (iv) our four-axis industrial robots of RMB5.2 million; and (v) our embodied intelligent robots of RMB1.9 million.

Comparison between 2024 and 2023: Our revenue increased by 5.2% from RMB222.4 million for the year ended December 31, 2023 to RMB234.0 million for the year ended December 31, 2024, which was primarily due to an increase in sales revenue of (i) our collaborative robots of RMB5.8 million, and (ii) our six-axis multifunctional industrial robots of RMB3.7 million; while sales revenue of our six-axis welding industrial robots remained relatively stable.

Comparison between 2023 and 2022: Our revenue increased by 12.6% from RMB197.4 million for the year ended December 31, 2022 to RMB222.4 million for the year ended December 31, 2023, which was primarily due to an increase in sales revenue of (i) our six-axis multifunctional industrial robots of RMB16.3 million; (ii) our four-axis industrial robots of RMB5.0 million, and (iii) our embodied intelligent robots of RMB2.1 million; while sales revenue of our six-axis welding industrial robots remained relatively stable.

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Our revenue growth during the Track Record Period, particularly the significant increase in the first half of 2025, was primarily driven by our strategic expansion from a core strength in welding robotics to a fully self-developed product matrix, while simultaneously reinforcing our market leadership in the welding field:

- (i) we had established core strengths in the welding field mainly through our six-axis welding industrial robots prior to and in 2022. Beginning in the second half of 2022, we initiated a strategic expansion by launching new series of six-axis multifunctional robots, four-axis industrial robots, collaborative robots, and embodied intelligent robots. This initiative contributed to an overall increase in sales revenue from these products from 2022 to 2024, while revenue from our established six-axis welding robots remained relatively stable; and
- (ii) these efforts, supported by our sustained R&D and targeted market promotion, culminated in the establishment of our fully self-developed product matrix by June 2024. The expanded matrix enabled us to cover a majority of industrial application scenarios and deepen our presence in high-growth sectors such as automotive components, electronics, and new energy. Concurrently, we launched or upgraded several flagship six-axis welding robots, particularly in 2024, to strengthen our leadership in welding functionality and metal and machining applications. Our fully self-developed product matrix and new flagship six-axis welding robots collectively contributed to the revenue growth from the six months ended June 30, 2024 to the six months ended June 30, 2025.

Revenue by Geographic Market

We have built up a broad and geographically diversified customer base both domestically and internationally. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, mainly covering Europe, Southeast Asia, Latin America, South Asia and North America. In addition, we derived revenue from customer located in Russia during the Track Record Period. For further information, please see “Business – Compliance with International Sanctions and Export Control Laws and Regulations”.

The following table sets forth a breakdown of our revenue by location of our customers for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
China (including Hong Kong and Taiwan)	166,702	84.4	180,219	81.0	209,436	89.5	101,908	89.1	141,726	90.9
Overseas	30,734	15.6	42,146	19.0	24,603	10.5	12,473	10.9	14,231	9.1
Total	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

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Revenue by Sales Channel

We adopt a multi-channel sales model to cater to the varying needs of our diverse customer base. Our primary sales models are divided into the following key categories:

- **Direct sales:**
 - (i) **Direct sales to system integrators**, which incorporate our robots into their complex, customized robotic solutions to end customers. System integrators play a key role in industries where our products are integrated into broader manufacturing systems.
 - (ii) **Direct sales to end customers**, which is predominantly targeted at large enterprises. This model enables us to engage directly with clients, providing customized products and end-to-end support. This approach allows for deeper relationships with clients, particularly in industries such as automotive and components, electronics, and new energy.
- **Distribution:** We work with distributors who help us reach a broader reach.

For more information about our sales channel, please refer to “Business – Sales, Marketing and Customers – Sales Models”.

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Direct sales										
(i) Direct sales to system integrators	184,827	93.6	200,857	90.3	197,842	84.5	97,888	85.6	136,291	87.4
(ii) Direct sales to end-customers	7,510	3.8	8,718	3.9	14,337	6.2	5,476	4.8	12,041	7.7
Sub-total	192,337	97.4	209,575	94.2	212,179	90.7	103,364	90.4	148,332	95.1
Distribution	5,099	2.6	12,790	5.8	21,860	9.3	11,017	9.6	7,625	4.9
Total revenue	197,436	100.0	222,365	100.0	234,039	100.0	114,381	100.0	155,957	100.0

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Cost of Sales

Cost of Sales by Nature

Our cost of sales primarily consists of raw materials and components, labor costs, manufacturing expenses and outsourcing costs. For the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, our cost of sales was RMB143.1 million, RMB162.1 million, RMB162.8 million, RMB79.4 million and RMB105.4 million, respectively, accounting for 72.5%, 72.9%, 69.6%, 69.4% and 67.6% of our revenue for the same years or period, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Raw materials and components	122,290	85.4	134,955	83.3	135,362	83.1	66,485	83.6	88,690	84.2
Direct labor costs	4,693	3.3	4,733	2.9	4,758	2.9	1,969	2.5	3,266	3.1
Overhead costs	7,591	5.3	9,007	5.6	9,669	5.9	5,225	6.6	7,348	7.0
Outsourced production costs ⁽¹⁾	3,451	2.4	3,969	2.4	3,683	2.3	2,045	2.6	2,756	2.6
Write-down/(reversal of write-down) of inventories	1,962	1.4	5,043	3.1	3,855	2.4	1,325	1.7	(201)	(0.2)
Others ⁽²⁾	3,083	2.2	4,439	2.7	5,494	3.4	2,378	3.0	3,495	3.3
Total cost of sales	143,070	100.0	162,146	100.0	162,821	100.0	79,427	100.0	105,354	100.0

Notes:

- (1) During the Track Record Period, we outsourced production of wiring harnesses and PCBA boards to third-party suppliers. For more information about our outsourced production, please refer to “Business – Our Production – Outsourced Production” in this document.
- (2) Mainly included warranty provision, delivery costs, maintenance expenses, and taxes and surcharges.

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our cost of sales increased by 32.6% from RMB79.4 million for the six months ended June 30, 2024 to RMB105.4 million for the six months ended June 30, 2025, which is due to increases across all major cost components associated with our expanded production activities and higher demand for our products. Such growth was slower than our revenue growth of 36.3% for the same period, reflecting enhanced cost efficiency driven by a favorable product mix, economies of scale, and advanced supply chain management.

Comparison between 2024 and 2023: Our cost of sales remained stable at RMB162.1 million in 2023 to RMB162.8 million in 2024, while we recorded a revenue growth of 5.2% for the same years, reflecting enhanced cost efficiency driven by a favorable product mix, economies of scale, and advanced supply chain management.

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Comparison between 2023 and 2022: Our cost of sales increased by 13.3% from RMB143.1 million in 2022 to RMB162.1 million in 2023, which is due to increases across all major cost components associated with our expanded production activities and higher demand for our products. Such increase was generally in line with our revenue growth of 12.6% for the same period.

Cost of Sales by Offering Type

The following table sets forth a breakdown of our cost of sales by offering type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	87,039	60.8	85,225	52.5	81,251	49.9	42,861	53.9	55,630	52.8
– multifunctional	43,311	30.3	53,781	33.2	53,664	33.0	24,837	31.3	29,145	27.7
– Four-axis	3,902	2.7	8,226	5.1	8,843	5.4	3,169	4.0	7,502	7.1
(ii) Collaborative robots	198	0.1	329	0.2	4,531	2.8	1,968	2.5	7,011	6.7
(iii) Embodied intelligent robots	2,798	2.0	5,143	3.2	4,840	3.0	2,300	2.9	3,856	3.7
(iv) Others⁽¹⁾	3,364	2.4	3,881	2.4	5,293	3.2	2,722	3.4	2,111	1.9
Sub-total	140,612	98.3	156,585	96.6	158,422	97.3	77,857	98.0	105,255	99.9
Write-down/(reversal of write-down) of inventories	1,962	1.4	5,043	3.1	3,855	2.4	1,325	1.7	(201)	(0.2)
After-sales services	496	0.3	518	0.3	544	0.3	245	0.3	300	0.3
Total	143,070	100.0	162,146	100.0	162,821	100.0	79,427	100.0	105,354	100.0

Gross Profit and Gross Profit Margin

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our gross profit was RMB54.4 million, RMB60.2 million, RMB71.2 million, RMB35.0 million and RMB50.6 million, respectively. Gross profit margin represents gross profit divided by revenue, expressed as a percentage. For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our gross profit margin was 27.5%, 27.1%, 30.4%, 30.6% and 32.4%, respectively.

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Gross Profit and Gross Profit Margin by Offering Type

The following table sets forth a breakdown of our gross profit and gross profit margin by offering type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross Profit margin	Gross profit	Gross Profit margin	Gross profit	Gross Profit margin	Gross profit	Gross Profit margin	Gross profit	Gross Profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Sale of products										
(i) Industrial robots										
– Six-axis										
– welding	37,327	30.0	39,513	31.7	41,023	33.6	21,070	33.0	30,151	35.1
– multifunctional	12,574	22.5	18,370	25.5	22,161	29.2	9,389	27.4	11,304	27.9
– Four-axis	484	11.0	1,110	11.9	1,754	16.6	610	16.1	1,470	16.4
(ii) Collaborative robots	22	10.0	112	25.4	1,698	27.3	796	28.8	2,891	29.2
(iii) Embodied intelligent robots	3,315	54.2	3,112	37.7	5,041	51.0	2,493	52.0	2,874	42.7
(iv) Others⁽¹⁾	2,446	42.1	2,737	41.4	3,225	37.9	1,871	40.7	1,591	43.0
Sub-total	56,168	28.5	64,954	29.3	74,902	32.1	36,229	31.8	50,281	32.3
Write-down/(reversal of write-down) of inventories	(1,962)	N/A	(5,043)	N/A	(3,855)	N/A	(1,325)	N/A	201	N/A
After-sales services	160	24.4	308	37.3	171	23.9	50	16.9	121	28.7
Total	54,366	27.5	60,219	27.1	71,218	30.4	34,954	30.6	50,603	32.4

Note:

- (1) Primarily represented (i) customized robots for specific industries including five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and uploading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人); and (ii) robot control cabinets tailor-made for customers.

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our gross profit increased by 44.8% from RMB35.0 million for the six months ended June 30, 2024 to RMB50.6 million for the six months ended June 30, 2025, which exceeded our revenue growth of 36.3% during the same period. Our gross profit margin increased from 30.6% for the six months ended June 30, 2024 to 32.4% for the six months ended June 30, 2025.

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Comparison between 2024 and 2023: Our gross profit increased by 18.3% from RMB60.2 million for the year ended December 31, 2023 to RMB71.2 million for the year ended December 31, 2024, which exceeded our revenue growth of 5.2% during the same period. Our gross profit margin increased from 27.1% for the year ended December 31, 2023 to 30.4% for the year ended December 31, 2024.

Comparison between 2023 and 2022: Our gross profit increased by 10.8% from RMB54.4 million for the year ended December 31, 2022 to RMB60.2 million for the year ended December 31, 2023, which was slightly lower than our revenue growth of 12.6% during the same period. Our gross profit margin remained relatively stable at 27.5% for the year ended December 31, 2022 and 27.1% for the year ended December 31, 2023.

The continued growth in our gross profit and the overall improvement of our gross profit margin during the Track Record Period were primarily driven by:

- (i) a favorable product mix shift towards (a) our newly introduced series or flagship models of industrial robots, which carry enhanced functionalities and overall continued improved gross profit margins. For more information about development of our fully self-developed product matrix, please see “– Revenue – Period-To-Period Comparison” above; and (b) our technologically advanced embodied intelligent robots with relatively higher gross margins;
- (ii) the improvement in gross profit margins mainly attributed to:
 - (a) economies of scale derived from higher sales volumes;
 - (b) our active negotiations with key suppliers for more favorable raw material prices, coupled with continuous improvements in our production technologies.

Other Income and Gains

For the years ended December 31, 2022, 2023 and 2024, and the six months ended June 30, 2024 and 2025, our recorded other income and gains amounted to RMB47.6 million, RMB26.7 million, RMB16.5 million, RMB6.4 million and RMB8.5 million, respectively.

Our other income during the Track Record Period primarily consists of (i) government grants, and (ii) bank interest income. We also recorded gains during the Track Record Period, which primarily consists of (i) net foreign exchange gains which mainly resulted from fluctuations in the exchange rates between the USD and the RMB; and (ii) fair value gains on financial assets at FVTPL, which primarily represents fair value gains from the wealth management products that we purchased from commercial banks.

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The following table sets forth a breakdown of our other income and gains for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Other income					
Bank interest income	2,445	4,721	4,549	2,301	1,359
Government grants ⁽¹⁾	39,476	20,674	10,139	3,035	3,630
Deferred income released	581	149	162	75	2,112
Additional deductible input tax	–	36	267	240	447
Rental income	–	48	98	49	14
Others	254	83	250	160	757
Total other income	42,756	25,711	15,465	5,860	8,319
Gains					
Gains on disposal of items of property, plant and equipment	–	77	349	302	–
Gains on termination of operating leases as a lessee	654	–	–	–	–
Fair value gains on financial assets at FVTPL	500	901	309	174	143
Foreign exchange gains, net	3,696	–	385	101	–
Total gains	4,850	978	1,043	577	143
Total other income and gains	47,606	26,689	16,508	6,437	8,462

Note:

- (1) Government grants received and recognized as “other income” during the Track Record Period related to grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. There are no unfulfilled conditions or contingencies relating to these grants.

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our other income and gains increased by 31.5% from RMB6.4 million for the six months ended June 30, 2024 to RMB8.5 million for the six months ended June 30, 2025, primarily due to an increase in deferred income released from government grants of RMB2.0 million, following the successful completion and acceptance of the related R&D projects. For more information about deferred income, please refer to Note 27 to the Accountants’ Report in Appendix I to this document.

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Comparison between 2024 and 2023: Our other income and gains decreased by 38.1% from RMB26.7 million in 2023 to RMB16.5 million in 2024, mainly due to a decrease in government grants recognized during the year of RMB10.5 million.

Comparison between 2023 and 2022: Our other income and gains decreased by 43.9% from RMB47.6 million in 2022 to RMB26.7 million in 2023, primarily due to a decrease in government grants recognized during the year of RMB18.8 million.

The government grants we received during the Track Record Period were mainly one-off in nature and provided by local government authorities to support our R&D activities and operations as a specialized and innovative enterprise.

Research and Development Expenses

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our research and development expenses were RMB33.9 million, RMB36.0 million, RMB36.0 million, RMB18.2 million and RMB18.1 million, respectively, accounting for 17.1%, 16.2%, 15.4%, 15.9% and 11.6% of our total revenue for the same years or period, respectively.

Our research and development expenses primarily consist of (i) employee compensation expenses and share-based payment expenses for our R&D personnel; (ii) material consumption and testing expenses incurred from R&D activities; and (iii) depreciation and amortization.

The following table sets forth a breakdown of our research and development expenses for periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee compensation expenses and share-based payment expenses	25,893	76.5	25,948	72.1	25,383	70.4	12,965	71.2	13,058	72.3
Material consumption and testing expenses	3,899	11.5	3,929	10.9	4,452	12.4	2,355	12.9	1,636	9.1
Depreciation and amortization	1,419	4.2	2,161	6.0	2,111	5.9	1,060	5.8	1,017	5.6
Design fees	774	2.3	2,260	6.3	2,257	6.3	1,005	5.5	379	2.1
Others ⁽¹⁾	1,869	5.5	1,674	4.7	1,791	5.0	829	4.6	1,971	10.9
Total	33,854	100.0	35,972	100.0	35,994	100.0	18,214	100.0	18,061	100.0

Note:

(1) Mainly represented travel expenses, utilities and offices expenses associated with our R&D activities.

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Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our research and development expenses remained relatively stable at RMB18.2 million for the six months ended June 30, 2024 and RMB18.1 million for the six months ended June 30, 2025, respectively. Our research and development expenses as a percentage of revenue decreased from 15.9% for the six months ended June 30, 2024 to 11.6% for the six months ended June 30, 2025.

Comparison between 2024 and 2023: Our research and development expenses remained stable RMB36.0 million in 2023 to RMB36.0 million in 2024, respectively. And our research and development expenses as a percentage of revenue slightly decreased from 16.2% in 2023 to 15.4% in 2024.

Comparison between 2023 and 2022: Our research and development expenses increased by 6.3% from RMB33.9 million in 2022 to RMB36.0 million in 2023; and our research and development expenses as a percentage of revenue slightly decreased from 17.1% in 2022 to 16.2% in 2023. The increase in our research and development expenses are in line with our continuous efforts for development of our fully self-developed product matrix. For more information, please see “– Revenue – Period-To-Period Comparison” above.

The downward trend in research and development expenses as a percentage of revenue during the Track Record Period was primarily attributable to the completion of our fully self-developed product matrix by June 2024. This completion involved two key developments: (i) a strategic pivot of our R&D focus from whole-unit hardware development for launching new products to software and algorithm development for scenario-based applications of our products. This shift significantly reduced material consumption, testing, and design fees for the six months ended June 30, 2025, compared to the same period in 2024; and (ii) the successful completion of several major R&D projects in 2024. Our new R&D projects have been progressively launched throughout 2025.

Selling and Distribution Expenses

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our selling and distribution expenses were RMB20.5 million, RMB27.1 million, RMB38.1 million, RMB16.8 million and RMB18.0 million, respectively, accounting for 10.4%, 12.2%, 16.3%, 14.7% and 11.5% of our total revenue for the same years or period, respectively.

Our selling and distribution expenses primarily comprise (i) employee compensation expenses and share-based payment expenses for our sales personnel; (ii) travel expenses incurred by our sales personnel; (iii) marketing promotion expenses; and (iv) others.

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The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Employee compensation expenses and share-based payment expenses	12,999	63.3	15,309	56.5	23,110	60.7	9,684	57.7	10,482	58.2
Travel expenses	2,471	12.0	4,322	16.0	6,479	17.0	2,629	15.7	3,580	19.9
Marketing promotion expenses	2,500	12.2	3,712	13.7	4,763	12.5	3,078	18.3	1,831	10.2
Entertainment expenses	201	1.0	987	3.6	1,046	2.7	218	1.3	469	2.6
Depreciation expenses	65	0.3	377	1.4	281	0.7	137	0.8	354	2.0
Others ⁽¹⁾	2,309	11.2	2,373	8.8	2,450	6.4	1,036	6.2	1,270	7.1
Total	20,545	100.0	27,080	100.0	38,129	100.0	16,782	100.0	17,986	100.0

Note:

(1) Mainly comprised utilities, vehicle usage expenses and offices expenses associated with our sales and marketing activities.

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our selling and distribution expenses increased by 7.2% from RMB16.8 million for the six months ended June 30, 2024 to RMB18.0 million for the six months ended June 30, 2025, primarily attributable to (i) an increase of RMB1.0 million in travel expense; and (ii) an increase of RMB0.8 million in employee compensation expenses and share-based payment expenses; and partially offset by (iii) an decrease of RMB1.2 million in marketing promotion expenses.

Comparison between 2024 and 2023: Our selling and distribution expenses increased by 40.8% from RMB27.1 million in 2023 to RMB38.1 million in 2024, primarily attributable to (i) an increase of RMB7.8 million in employee compensation expenses and share-based payment expenses; (ii) an increase of RMB2.2 million in travel expenses; and (iii) an increase of RMB1.1 million in marketing promotion expenses.

Comparison between 2023 and 2022: Our selling and distribution expenses increased by 31.8% from RMB20.5 million in 2022 to RMB27.1 million in 2023, primarily attributable to (i) an increase of RMB2.3 million in employee compensation expenses and share-based payment expenses; (ii) an increase of RMB1.9 million in travel expenses; and (iii) an increase of RMB1.2 million in marketing promotion expenses.

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The significant increase in our selling and distribution expenses from 2022 to 2024 was primarily driven by our sales and marketing efforts to (i) support promoting our new products in parallel with the ongoing development of our self-developed product matrix. For more information, please see “– Revenue – Period-To-Period Comparison” above; and (ii) maintain relationships with our existing customers to foster organic growth.

Following the establishment of our fully self-developed product matrix by June 2024, our sales and distribution strategy for the six months ended June 30, 2025, shifted from market penetration to efficiency. As our brand recognition and product offerings became more established, these efforts began to mature, resulting in a slower growth pace of selling and distribution expenses compared to the same period in 2024.

Administrative Expenses

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our administrative expenses were RMB16.5 million, RMB17.5 million, RMB19.7 million, RMB10.5 million and RMB11.0 million, respectively, accounting for 8.3%, 7.9%, 8.4%, 9.2% and 7.1% of our total revenue, respectively.

Our administrative expenses primarily consist of (i) employee compensation expenses and share-based payment expenses; (ii) utilities, offices and property management expenses; (iii) depreciation and amortization; (iv) professional service fees; and (v) others.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Employee compensation expenses and share-based payment expenses	8,347	50.7	9,990	57.2	11,124	56.6	6,296	59.7	6,250	56.8
Utilities, offices and property management expenses	3,014	18.3	1,238	7.1	1,638	8.3	692	6.6	715	6.5
Depreciation and amortization	1,279	7.8	2,262	12.9	2,156	11.0	1,112	10.6	1,063	9.7
Professional service fees	1,175	7.1	918	5.2	1,303	6.6	461	4.4	939	8.5
Entertainment expenses	447	2.7	510	2.9	721	3.7	337	3.2	528	4.8
Travel expenses	184	1.1	562	3.2	420	2.1	274	2.6	333	3.0
Tax and surcharges	584	3.5	1,032	5.9	1,041	5.3	521	4.9	702	6.4
Others ⁽¹⁾	1,451	8.8	983	5.6	1,258	6.4	843	8.0	478	4.3
Total	16,481	100.0	17,495	100.0	19,661	100.0	10,536	100.0	11,008	100.0

Note:

- (1) Mainly comprised training expenses, vehicle usage expenses and delivery expenses associated with our administrative activities.

FINANCIAL INFORMATION

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our administrative expenses remained relatively stable at RMB10.5 million for the six months ended June 30, 2024 and RMB11.0 million for the six months ended June 30, 2025.

Comparison between 2024 and 2023: Our administrative expenses increased by 12.4% from RMB17.5 million in 2023 to RMB19.7 million in 2024. This was primarily attributable to an increase in employee compensation expenses and share-based payment expenses of RMB1.1 million, driven primarily by our grant of employee bonuses in 2024.

Comparison between 2023 and 2022: Our administrative expenses remained relatively stable at RMB16.5 million for the year ended December 31, 2022 and RMB17.5 million for the year ended December 31, 2023.

Other Expenses

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our other expenses were RMB0.2 million, RMB0.5 million, RMB0.9 million, RMB0.6 million and RMB0.4 million, respectively, and accounted for an immaterial portion of our revenue for each period.

Finance Costs

Our finance costs primarily comprise interest expense on (i) interest-bearing bank loans; and (ii) lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on bank loans	528	951	1,325	691	397
Interest on lease liabilities	114	4	4	2	2
Total	642	955	1,329	693	399

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Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our finance costs decreased by 42.4% from RMB0.7 million for the six months ended June 30, 2024 to RMB0.4 million for the six months ended June 30, 2025, primarily attributable to a decrease of RMB0.3 million in interest on bank loans, mainly as a result of a decrease in total amount of our bank loans as well as the decrease in interest of bank loans in line with the downward adjustment of the loan benchmark interest rate by the People’s Bank of China.

Comparison between 2024 and 2023: Our finance costs increased by 39.2% from RMB1.0 million in 2023 to RMB1.3 million in 2024, primarily attributable to an increase of RMB0.4 million in interest on bank loans. Such increase was mainly attributable to (i) interest payments for the bank loans we obtained in 2023 were predominantly made in 2024, and (ii) the amount of new bank loans we acquired in 2024 exceeded the repayments we made for the loans obtained in 2023.

Comparison between 2023 and 2022: Our finance costs increased by 48.8% from RMB0.6 million in 2022 to RMB1.0 million in 2023, primarily attributable to an increase of RMB0.4 million in interest on bank loans, mainly as a result of an increase in our bank loans commencing August 2022 resulted in only four months of interest payments being recognized in 2022, whereas a full year’s interest expense was recorded in 2023.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets represent provision for expected credit loss allowance for trade receivables and other receivables. The rates applied to measure our expected credit losses on trade receivables are determined with reference to historical payment profiles of our customers, our historical credit loss rates by industry and data published by external credit rating institutions, and are subject to adjustments based on current and forward-looking information about macroeconomic factors which may affect our customers’ ability to settle our trade receivables. Our expected credit losses on deposits and other receivables are measured based on historical settlement records and past experiences.

Period-To-Period Comparison

Comparison between the six months ended June 30, 2025 and 2024: Our net impairment losses on financial assets decreased from RMB4.2 million for the six months ended June 30, 2024 to RMB2.8 million for the six months ended June 30, 2025. This was primarily due to our implementation of more stringent credit approval standards, as our newly launched products gained market recognition and enhanced our overall brand standing.

Comparison between 2024 and 2023: Our net impairment losses on financial assets increased from RMB3.2 million in 2023 to RMB4.7 million in 2024; mainly due to increased provisions for expected credit losses on trade receivables a result of (i) our revenue growth and expanded customer base; and (ii) our offering of more flexible payment terms to support promoting our new products in parallel with the ongoing development of our self-developed product matrix. For further details, please refer to “– Revenue – Period-To-Period Comparison” above.

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Comparison between 2023 and 2022: Our net impairment losses on financial assets increased from RMB0.5 million in 2022 to RMB3.2 million in 2023, mainly due to increased provisions for expected credit losses on trade receivables primarily as a result of (i) our revenue growth and expanded customer base; and (ii) our offering of more attractive and flexible payment terms as part of customer acquisitions strategies primarily in response to market dynamics following the discontinuation of COVID-19 containment measures in China.

Income Tax Expenses

For the year ended December 31, 2022, we recorded income tax expenses of RMB1.5 million, and our effective tax rate, calculated as our income tax expense divided by our profit before tax, was 5.0%, which were lower than the 25% statutory rate in the PRC, primarily because (i) the benefit of being taxed at the preferential rate of 15% as a High and New Technology Enterprise in China, which reduced the tax charge; and (ii) the substantial additional tax deduction for qualified research and development expenses. For more information, please refer to Note 10 to the Accountants’ Report in Appendix I to this document.

We did not record any income tax expenses for the years ended December 31, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, primarily because (i) we recorded a loss before tax for the year ended December 31, 2024 and the six months ended June 30, 2024, respectively; and (ii) our Company is entitled to claim an additional deduction for qualified research and development expenses. For more information, please refer to Note 10 to the Accountants’ Report in Appendix I to this document.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with the relevant tax authorities.

Profit/(Loss) For the Year/Period

As a result of the foregoing, we recorded profit for the year/period of RMB28.3 million, RMB1.7 million and RMB8.4 million for the years ended December 31, 2022, 2023 and the six months ended June 30, 2025, respectively. We recorded loss of RMB12.9 million and RMB9.7 million for the year ended December 31, 2024 and the six months ended June 30, 2024, respectively.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth statements of our financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	109,059	109,739	103,257	139,656
Right-of-use assets	10,835	10,068	9,551	9,192
Intangible assets	2,547	2,832	3,580	3,844
Prepayments, other receivables and other assets	3,082	2,680	1,965	899
Financial assets at fair value through profit or loss	3,938	—	—	—
Total non-current assets	129,461	125,319	118,353	153,591
CURRENT ASSETS				
Inventories	111,660	94,546	82,456	124,232
Trade and bills receivables	74,983	101,060	113,940	142,061
Debt investments at fair value through other comprehensive income	13,897	6,823	19,133	19,299
Prepayments, other receivables and other assets	20,374	18,219	11,504	20,161
Financial assets at fair value through profit or loss (“FVTPL”)	16,785	3,844	—	30,000
Restricted bank deposits	989	—	1,406	925
Cash and cash equivalents	188,501	162,374	154,272	136,512
Total current assets	427,189	386,866	382,711	473,190
CURRENT LIABILITIES				
Trade and bills payables	129,942	115,870	111,079	222,941
Contract liabilities	2,196	1,693	3,648	2,535
Other payables and accruals	48,081	34,115	23,232	25,942
Interest-bearing bank loans	50,000	30,746	40,000	44,006
Lease liabilities	158	27	104	92
Tax payable	1,485	1,485	1,483	1,483
Total current liabilities	231,862	183,936	179,546	296,999
NET CURRENT ASSETS	195,327	202,930	203,165	176,191
TOTAL ASSETS LESS CURRENT LIABILITIES	324,788	328,249	321,518	329,782

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	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	27	–	35	–
Deferred income	1,134	1,786	5,104	4,082
Provision	1,584	2,429	3,323	3,826
Total non-current liabilities	2,745	4,215	8,462	7,908
Net assets	322,043	324,034	313,056	321,874

Certain Items of Non-Current Assets and Non-current Liabilities

Property, plant and equipment

Our property, plant and equipment consist of (i) buildings; (ii) machinery and equipment; (iii) motor vehicles; (iv) other equipment; and (v) construction in progress.

The table below sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	93,312	88,236	83,160	80,622
Machinery and equipment	6,642	13,170	12,378	49,465
Motor vehicles	369	322	315	256
Other equipment	5,035	6,751	5,338	4,760
Construction in progress	3,701	1,260	2,066	4,553
Total	109,059	109,739	103,257	139,656

Our property, plant and equipment remained relatively stable at RMB109.1 million as of December 31, 2022 and RMB109.7 million as of December 31, 2023, respectively.

Our property, plant and equipment slightly decreased from RMB109.7 million as of December 31, 2023 to RMB103.3 million as of December 31, 2024, primarily due to a decrease in net carrying amount of buildings of RMB5.1 million. Such decrease was as a result of continued accumulated depreciation.

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Our property, plant and equipment increased from RMB103.3 million as of December 31, 2024 to RMB139.7 million as of June 30, 2025, respectively, primarily attributable to additions in our machinery and equipment, mainly representing certain equipment acquired for our production capacity expansion.

Right-of-use assets

Right-of-use assets are recognized 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The aggregate value of our right-of-use assets decreased slightly throughout the Track Record Period, with an aggregate value of RMB10.8 million, RMB10.1 million, RMB9.6 million and RMB9.2 million as of December 31, 2022, 2023 and 2024, and June 30, 2025, respectively. Such decrease trend was mainly due to continued amortization charge of our land use rights during the Track Record Period.

Deferred income

Our deferred income consist of government grants. Such grants are credited to profit or loss on a straight-line basis over the expected lives of the related assets, or are recognized as income on a systematic basis over the periods in which the related costs, for which they are intended to compensate, are expensed. Please also refer to “– Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Other Income and Gains” above.

The following table sets forth the recognition of government grants assets in our financial statements as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,715	1,134	1,786	5,104
Grants received during the year/period	–	801	3,480	1,090
Released to profit or loss during the year/period	(581)	(149)	(162)	(2,112)
At end of year/period	1,134	1,786	5,104	4,082

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The government grants we received during the Track Record Period were mainly one-off in nature and provided by local government authorities to support our R&D activities and operations as a specialized and innovative enterprise.

Current Assets

Inventories

Our inventories comprise (i) raw materials and components; (ii) finished goods; (iii) materials consigned for processing and work in progress, and (iv) goods in transit. Our materials consigned for processing primarily consisted of certain wiring harnesses and PCBA boards, which were outsourced to third-party suppliers. For more information about our outsourced production, please refer to “Business – Our Production – Outsourced Production”. For more information about our types of raw materials and components, please refer to “Business – Raw Materials and Suppliers – Raw Materials and Components”.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and components	88,587	68,067	62,153	99,092
Finished goods	14,989	14,338	11,745	13,018
Materials consigned for processing and work in progress	5,315	9,684	8,057	12,041
Goods in transit	2,769	2,457	501	81
Total	111,660	94,546	82,456	124,232

Our inventories decreased from RMB111.7 million as of December 31, 2022, to RMB94.5 million as of December 31, 2023, primarily attributable to a decrease of RMB20.5 million in raw materials and components. Our inventories further decreased from RMB94.5 million as of December 31, 2023 to RMB82.5 million as of December 31, 2024, primarily attributable to (i) a decrease of RMB5.9 million in raw materials and components, (ii) a decrease in finished goods of RMB2.6 million, and (iii) a decrease of RMB2.0 million in goods in transit.

The aforementioned decrease in our inventory balance is primarily attributable to (i) the progressive enhancement of our inventory management capabilities. For example, we have refined the industry-specific specialization of our marketing team since 2023 to improve customer order demand forecasting; and (ii) the continuous improvement of our supply chain management capabilities has shortened supplier lead times, thereby enabling us to reduce stock.

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Our inventories increased from RMB82.5 million as of December 31, 2024, to RMB124.2 million as of June 30, 2025, primarily attributable to an increase of RMB36.9 million in raw materials and components. This strategic inventory increase was made in anticipation of both production growth and rising orders from sectors like automotive and electronics, which demand rapid delivery and make proactive stocking essential.

The following table sets forth the number of our inventory turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾	243	240	211	189

Note:

- (1) Calculated as the average of the opening and closing inventory balances for the period, divided by the cost of sales for the relevant period, multiplied by the number of days in the relevant period, which is 365 days for each year and 180 days for the six months ended June 30, 2025.

Our inventory turnover days remained relatively stable at 243 days in 2022 and 240 days in 2023. Our inventory turnover days decreased from 240 days in 2023 to 211 days in 2024 and further decreased to 189 days for the six months ended June 30, 2025, primarily because of the progressive enhancement of our inventory management capabilities. For example, we have refined the industry-specific specialization of our marketing team since 2023 to improve customer order demand forecasting.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	103,294	79,384	68,655	114,468
One to two years	10,317	14,429	9,312	7,906
Two to three years	402	4,618	8,256	4,720
Over three years	205	147	3,793	4,368
Less: Write-down of inventories	(2,558)	(4,032)	(7,560)	(7,230)
Total	111,660	94,546	82,456	124,232

As of September 30, 2025, approximately RMB71.4 million, or 54.3% of our inventories as of June 30, 2025 had been subsequently consumed or sold.

FINANCIAL INFORMATION

Trade and bills receivables

Our trade and bills receivables primarily consist of (i) trade receivables, which primarily represent outstanding amounts due from our customers for products sold in the ordinary course of our business; and (ii) bills receivables, primarily relating to the commercial bills received from customers.

The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	60,298	91,922	95,943	111,918
Less: Impairment of trade receivables	(1,967)	(4,878)	(9,505)	(12,334)
	58,331	87,044	86,438	99,584
Bills receivable	16,652	14,016	27,502	42,477
Total	74,983	101,060	113,940	142,061

The increase in balance of trade and bills receivables from December 31, 2022 to December 31, 2023 of 34.8% outpaced the increase in our revenue of 12.6% during the same periods, primarily due to the increase in trade receivables from our offering of more attractive and flexible payment terms as part of customer acquisitions strategies primarily in response to market dynamics following the discontinuation of COVID-19 containment measures in China.

The increase in balance of trade and bills receivables from December 31, 2023 to December 31, 2024 of 12.7% outpaced the increase in our revenue of 5.2% during the same periods. The faster growth in receivables was mainly due to the more flexible payment terms we offered as part of customer acquisitions strategies, mainly to support promoting our new products in parallel with the ongoing development of our self-developed product matrix. For further details, please refer to “– Revenue – Period-To-Period Comparison” above.

The increase in balance of trade and bills receivables from December 31, 2024 to June 30, 2025 of 24.7% was lower than the increase in our revenue of 36.3% during the same periods. This trend was primarily due to (i) our implementation of more stringent credit approval standards, as our newly launched products gained market recognition and enhanced our overall brand standing; and (ii) continuously enhanced management of our collection of trade and bills receivables.

FINANCIAL INFORMATION

For trade receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at the end of each period throughout the Track Record Period. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

We recorded allowance for impairment losses on trade receivables of RMB2.0 million, RMB4.9 million, RMB9.5 million and RMB12.3 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The increase in impairment losses on trade receivables was mainly due to our customer acquisitions strategies as mentioned above. Our Directors consider sufficient provision for impairment of trade receivables had been made.

We negotiate credit terms with our customers on an individual basis, taking into account factors like cooperation history and creditworthiness, and generally grant a credit period of three months.

The following table sets forth the number of our trade receivables turnover days for the periods indicated:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Trade receivables turnover days ⁽¹⁾	98	125	146	120

Note:

- (1) Calculated as the average of the opening and closing balances of trade receivables for the period, net of loss allowance, divided by revenue for the relevant period, multiplied by the number of days in the relevant period, which is 365 days for each year and 180 days for the six months ended June 30, 2025.

Our trade receivables turnover days increased from 98 days in 2022 to 125 days in 2023, and further increased to 146 days in 2024, mainly because we offered more flexible payment terms as part of our customer acquisitions strategies as mentioned above. Our trade receivables turnover days then decreased to 120 days for the six months ended June 30, 2025, mainly due to our implementation of more stringent credit approval standards, as our newly launched products gained market recognition and enhanced our overall brand standing.

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The following table sets forth an aging analysis of our trade receivables, based on the invoice date and net of loss allowance, as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within three months	26,141	46,191	46,199	66,438
Four to six months	15,138	19,445	14,838	16,116
Seven to 12 months	16,087	13,882	16,093	7,491
Over 12 months	965	7,526	9,308	9,539
Total	58,331	87,044	86,438	99,584

As of September 30, 2025, approximately RMB55.2 million, or 35.8% of our trade and bills receivables as of June 30, 2025, had been subsequently settled.

Debt investments at fair value through other comprehensive income

The following table sets forth a breakdown of our debt investments at fair value through other comprehensive income as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bills	3,897	6,823	19,133	19,299
Certificates of deposit	10,000	—	—	—
Total	13,897	6,823	19,133	19,299

The above bank acceptance bills were issued by qualified banks in PRC. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling. The fair value approximates to the carrying value due to the short maturity. The fluctuation in the balance of our bank acceptance bills primarily reflected the normal course of our settlement activities with business partners during the respective periods.

FINANCIAL INFORMATION

Prepayments, other receivables and other assets

Our current prepayments, other receivables and other assets primarily consist of prepayments, other receivables and deposits and value-added tax recoverable. The following table sets forth a breakdown of our current prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	3,074	2,928	3,286	3,784
Other receivables and deposits	3,903	3,234	1,459	2,100
Value-added tax recoverable	13,402	12,075	6,809	14,302
Less: Impairment of other receivables	(5)	(18)	(50)	(25)
Total	20,374	18,219	11,504	20,161

Our prepayments, other receivables and other assets slightly decreased from RMB20.4 million as of December 31, 2022 to RMB18.2 million as of December 31, 2023, mainly due to a decrease in value-added tax recoverable of RMB1.3 million. Our prepayments, other receivables and other assets decreased from RMB18.2 million as of December 31, 2023 to RMB11.5 million as of December 31, 2024, which was mainly attributable to a decrease in value-added tax recoverable of RMB5.3 million. This decrease was mainly due to a reduction in our new procurement of raw materials and components benefiting from our increased inventory management capabilities, which resulted in a corresponding decline in available input VAT credits for offsetting.

Our prepayments, other receivables and other assets increased from RMB11.5 million as of December 31, 2024 to RMB20.2 million as of June 30, 2025, primarily due to an increase in value-added tax recoverable of RMB7.5 million. This increase was mainly because we acquired certain equipment for our production capacity expansion in 2025, which led to an increase in input VAT credits available for offsetting.

FINANCIAL INFORMATION

Financial assets at fair value through profit or loss

Our current financial assets at fair value through profit or loss comprise wealth management products.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	16,785	3,844	–	30,000

As of the end of each period during the Track Record Period, the wealth management products were issued by qualified banks in the PRC, with expected return rates ranging from 1.05% to 3.40% per annum. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows were not solely payments of principal and interest. After making an investment, we closely monitor the performance and fair value of these investments on a regular basis.

The carrying amount of our current financial assets at fair value through profit or loss decreased from RMB16.8 million as of December 31, 2022 to RMB3.8 million as of December 31, 2023, and further decreased to nil as of December 31, 2024, and then increased to RMB30.0 million as of June 30, 2025. These fluctuations primarily reflected changes in the volume of wealth management products we held as of the end of each period during the Track Record Period.

Cash and cash equivalents, time deposits and restricted bank deposits

The following table sets forth our cash and bank balances, restricted cash and time deposits as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	189,490	162,374	155,678	133,000
Time deposits	–	–	–	4,437
Subtotal	189,490	162,374	155,678	137,437
Restricted bank deposits	(989)	–	(1,406)	(925)
Cash and cash equivalents	188,501	162,374	154,272	136,512

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Cash and bank balances

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our cash and bank balances amounted to RMB189.5 million, RMB162.4 million, RMB155.7 million and RMB133.0 million, respectively. Our cash and bank balances were primarily denominated in RMB and USD. The RMB is not freely convertible into other currencies; however, under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale, and Payment of Foreign Exchange Regulations, We are permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

Restricted cash

We recorded restricted cash of RMB1.0 million, nil, RMB1.4 million, and RMB1.0 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. These restricted cash balances during the Track Record Period primarily consisted of deposits for bank acceptance bills and letters of credit, which was mainly as a result of the use of more bank acceptance bills and letters of credit to settle supplier payments to support our business growth and enhance cash management.

Our Directors confirm that our cash and cash equivalents are maintained at a prudent level to satisfy the requirements for our daily business operations.

Current Liabilities

Trade and bills payables

Our trade and bills payables primarily consist of payables for the procurement of raw materials and components. During the Track Record Period, our suppliers generally granted us credit periods ranging from one to three months upon receipt of the VAT invoice.

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade payables	26,734	37,330	37,409	98,220
Bills payables	103,208	78,540	73,670	124,721
Total	129,942	115,870	111,079	222,941

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Our trade and bills payables remained relatively stable at RMB129.9 million as of December 31, 2022, RMB115.9 million as of December 31, 2023, and RMB111.1 million as of December 31, 2024, respectively. Our trade and bills payables increased significantly from RMB111.1 million as of December 31, 2024 to RMB222.9 million as of June 30, 2025. This increase was primarily due to our increased purchase of raw materials and components and equipment for anticipated. production expansion in line with the increasing needs for our products.

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,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
Within three months	57,812	60,977	62,899	148,146
Three to six months	31,607	31,232	28,889	65,984
Six to 12 months	40,314	23,445	18,607	8,512
Over 12 months	209	216	684	299
Total	129,942	115,870	111,079	222,941

The following table sets forth the number of our trade payables turnover days for the periods indicated:

	Year ended December 31,			Six months ended
	2022	2023	2024	June 30,
				2025
Trade payables turnover days ⁽¹⁾	50	72	84	116

Note:

- (1) Calculated as the average of the opening and closing balances of trade payables for the period divided by the cost of sales for the relevant period, multiplied by the number of days in the relevant period, which is 365 days for each year and 180 days for the six months ended June 30, 2025.

The increase in our trade payables turn over days primarily reflecting our enhanced bargaining power with suppliers and our engagement with more established suppliers who are willing to offer longer credit terms as we continued to scale our procurement of raw materials and components.

As of September 30, 2025, approximately RMB70.3 million, or 31.5% of our trade payables as of June 30, 2025, had been subsequently settled.

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Contract liabilities

Our contract liabilities represented advances received to deliver our robotic products. Our contract liabilities decreased from RMB2.2 million as of December 31, 2022 to RMB1.7 million as of December 31, 2023. This was primarily attributable to shortened delivery cycles resulting from our enhanced production capabilities. Our contract liabilities increased from RMB1.7 million as of December 31, 2023 to RMB3.6 million as of December 31, 2024, mainly due to advance payments received from new customer acquisitions. Subsequently, contract liabilities decreased to RMB2.5 million as of June 30, 2025, as contracts secured in the prior period were progressively fulfilled.

Other payables and accruals

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payables	7,121	9,726	9,786	6,591
Payables for property, plant and equipment	23,021	13,197	2,216	2,038
Other tax payables	2,031	611	1,322	1,368
Dividend payable	3,004	—	—	—
Deposits from credit sales customers	10,870	8,617	7,946	8,488
Other payables ⁽¹⁾	2,034	1,964	1,962	7,457
Total	48,081	34,115	23,232	25,942

Note:

- (1) During the Track Record Period, our other payables primarily included payables for airfare, consulting fees and employee reimbursements.

Our other payables and accruals decreased from RMB48.1 million as of December 31, 2022 to RMB34.1 million as of December 31, 2023. This decrease was primarily due to a decrease of RMB9.8 million in payables for property, plant and equipment, mainly attributable to the settlement of outstanding commitments related to prior-year capital expenditures. Our other payables and accruals further decreased from RMB34.1 million as of December 31, 2023 to RMB23.2 million as of December 31, 2024, primarily due to an additional decrease of RMB11.0 million in payables for property, plant and equipment, as we continued to settle capital expenditure commitments.

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Our other payables and accruals increased from RMB23.2 million as of December 31, 2024 to RMB25.9 million as of June 30, 2025, mainly due to an increase in other payables of RMB5.5 million, which was partially offset by a decrease of RMB3.2 million in payroll payables mainly attributable to fluctuation in accrued bonuses that will be settled next year.

Other payables are non-interest-bearing and have no fixed terms of settlement, except for payables relating to property, plant and equipment, which are normally settled within one month.

Interest-bearing bank loans

The following table sets forth a breakdown and details of our interest-bearing bank loans as of the dates indicated:

	As of December 31,									As of June 30,		
	2022			2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current – repayable within one year												
Bank loans – guaranteed ⁽¹⁾	2.3-2.5	2023	50,000	2.5-3.2	2024	30,000	2.5-2.6	2025	40,000	2.3-2.5	2025/2026	40,000
Bank loans – secured ⁽²⁾	–	–	–	0.51-1.51	2024	746	–	–	–	1.1-1.15	2025	4,006
Total			50,000			30,746			40,000			44,006

Notes:

- (1) The bank loans were guaranteed by Mr. Li and Mr. Zhu, both of which are our Controlling Shareholders. Such guarantees have been released as of the Latest Practicable Date. For further details, please refer to “Relationship with our Controlling Shareholders – Financial Independence”.
- (2) At December 31, 2023 and June 30, 2025, we discounted certain bills receivable in the PRC (the “Discounted Bills”) with carrying amounts of RMB746,000 and RMB4,006,000 to certain local banks. The Discounted Bills had a maturity of one to four months as of December 31, 2023 and June 30, 2025. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Discounted Bills have a right of recourse against us if the PRC banks default. In the opinion of our Directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, we continued to recognize the carrying amounts of the Discounted Bills and the respective bank loans (the carrying amounts of the Discounted Bills net of the discount interest). Subsequent to the discounting, we did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amounts of the bank loans recognized due to the Discounted Bills were RMB746,000 and RMB4,006,000 as of December 31, 2023 and June 30, 2025, respectively. Please refer to Note 36(a) to the Accountants’ Report in Appendix I to this document.

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The changes in our interest-bearing bank loans during the Track Record Period were mainly due to adjustments we made to meet our operating needs and our treasury management plans. Our bank loans contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of September 30, 2025, we had unutilized banking facilities of RMB375.3 million.

Lease liabilities

Our current lease liabilities primarily consist of leases of office premises. Our current lease liabilities decreased from RMB158,000 as of December 31, 2022 to RMB27,000 as of December 31, 2023, primarily due to the termination of certain lease agreements. Our current lease liabilities increased from RMB27,000 as of December 31, 2023 to RMB104,000 as of December 31, 2024, mainly attributable to lease commitments for our newly established Malaysia subsidiary. Our current lease liabilities remained relatively stable as of RMB104,000 as of December 31, 2024 and RMB92,000 as of June 30, 2025, respectively.

Tax payable

Our tax payable mainly represents the income tax payable for the taxable income in the PRC. We recorded tax payable of RMB1.5 million, RMB1.5 million, RMB1.5 million and RMB1.5 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

FINANCIAL INFORMATION

NET CURRENT ASSETS

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 June 30,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current Assets					
Inventories	111,660	94,546	82,456	124,232	126,092
Trade and bills receivables	74,983	101,060	113,940	142,061	128,937
Debt investments at fair value through other comprehensive income	13,897	6,823	19,133	19,299	22,701
Prepayments, other receivables and other assets	20,374	18,219	11,504	20,161	48,430
Financial assets at fair value through profit or loss (“FVTPL”)	16,785	3,844	–	30,000	35,000
Restricted bank deposits	989	–	1,406	925	526
Cash and cash equivalents	188,501	162,374	154,272	136,512	102,026
Total current assets	427,189	386,866	382,711	473,190	463,712
Current Liabilities					
Trade and bills payables	129,942	115,870	111,079	222,941	206,257
Contract liabilities	2,196	1,693	3,648	2,535	1,548
Other payables and accruals	48,081	34,115	23,232	25,942	23,378
Interest-bearing bank loans	50,000	30,746	40,000	44,006	40,589
Lease liabilities	158	27	104	92	64
Tax payable	1,485	1,485	1,483	1,483	1,483
Total current liabilities	231,862	183,936	179,546	296,999	273,319
NET CURRENT ASSETS	195,327	202,930	203,165	176,191	190,393

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Our net current assets increased from RMB195.3 million as of December 31, 2022 to RMB202.9 million as of December 31, 2023, mainly due to (i) an increase in trade and bills receivables of RMB26.1 million; (ii) a decrease in interest-bearing bank loans of RMB19.3 million, reflecting our ongoing efforts to optimize debt structure; (iii) a decrease in trade and bills payables of RMB14.1 million; and (iv) a decrease in other payables and accruals of RMB14.0 million, which was partially offset by (i) a decrease in cash and cash equivalents of RMB26.1 million; (ii) a decrease in inventories of RMB17.1 million; and (iii) a decrease in financial assets at FVTPL of RMB12.9 million.

Our net current assets remained relatively stable at RMB202.9 million as of December 31, 2023 and RMB203.2 million as of December 31, 2024.

Our net current assets decreased from RMB203.2 million as of December 31, 2024 to RMB176.2 million as of June 30, 2025, mainly due to an increase in trade and bills payables of RMB111.9 million, which was partially offset by (i) an increase in inventories of RMB41.8 million; (ii) an increase in financial assets at FVTPL of RMB30.0 million; and (iii) an increase in trade and bills receivables of RMB28.1 million.

For discussion of items in balanced sheet items under current assets and current liabilities as of end of each year or period during the Track Record Period, please see “– Discussion of Certain Key Consolidated Statements of Financial Position – Current Assets” and “– Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities” above.

Our net current assets increased from RMB176.2 million as of June 30, 2025 to RMB190.4 million as of September 30, 2025, mainly due to (i) an increase in prepayments, other receivables and other assets of RMB28.3 million, and (ii) a decrease in trade and bills payables of RMB16.7 million, which was partially offset by (i) a decrease in cash and cash equivalents of RMB34.5 million.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had historically funded our cash requirements principally from cash generated from our business operations and bank borrowings. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the [REDACTED] from the [REDACTED]. We do not anticipate any changes in the availability of financing to fund our operations in the future.

FINANCIAL INFORMATION

Cash Flows

The following table sets forth certain selected information from our consolidated statements of cash flows for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Net cash flows from/(used in) operating activities	26,702	(30,881)	(17,756)	5,999	8,884
Net cash flows from/(used in) investing activities	59,516	28,366	757	(3,415)	(30,166)
Net cash flows from/(used in) financing activities	48,444	(23,371)	8,577	29,265	3,554
Net increase/(decrease) in cash and cash equivalents	134,662	(25,886)	(8,422)	31,849	(17,728)
Effect of foreign exchange rate changes, net	25	(241)	320	50	(32)
Cash and cash equivalents at beginning of year/period	53,814	188,501	162,374	162,374	154,272
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows at end of year/period	188,501	162,374	154,272	194,273	136,512

Operating Activities

For the six months ended June 30, 2025, our net cash from operating activities was RMB8.9 million, primarily due to profit before tax of RMB8.4 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB5.5 million, and (b) impairment losses on trade receivables and other receivables, net of RMB2.8 million; and (ii) changes in working capital such as (a) an increase in inventories of RMB41.7 million, (b) an increase in trade and bills receivables of RMB32.3 million, (c) an increase in prepayments, deposits and other receivables of RMB8.6 million, which was partially offset by an increase in trade and bills payables of RMB76.6 million.

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For the year ended December 31, 2024, our net cash used in operating activities was RMB17.8 million, primarily due to loss before tax of RMB12.9 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB10.0 million, (b) impairment losses on trade receivables and other receivables, net of RMB4.7 million, and (c) write-down of inventories to net realizable value of RMB3.9 million; and (ii) changes in working capital, such as (a) an increase in trade and bills receivables of RMB22.9 million, (b) an increase in debt investments at fair value through other comprehensive income of RMB13.8 million.

For the year ended December 31, 2023, our net cash used in operating activities was RMB30.9 million, primarily due to profit before tax of RMB1.7 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB9.4 million, (b) write-down of inventories to net realizable value of RMB5.0 million, and (c) impairment losses on trade receivables and other receivables, net of RMB3.2 million; and (ii) changes in working capital, such as (a) an increase in trade and bills receivables of RMB33.7 million, and (b) an decrease in trade and bills payables of RMB21.1 million.

For the year ended December 31, 2022, our net cash flows from operating activities was RMB26.7 million, primarily due to profit before tax of RMB29.7 million, as adjusted by (i) non-cash and non-operating items such as (a) depreciation of property, plant and equipment of RMB5.5 million, (b) equity-settled share-based payment expenses of RMB4.4 million, (c) depreciation of right-of-use assets of RMB2.2 million, and (d) write-down of inventories to net realizable value of RMB2.0 million; and (ii) changes in working capital, such as (a) an increase in inventories of RMB38.1 million, (b) an increase in trade and bills receivables of RMB30.0 million, which was partially offset by an increase in trade and bills payables of RMB42.5 million.

Investing Activities

For the six months ended June 30, 2025, our net cash used in investing activities was RMB30.2 million, primarily attributable to purchases of financial assets at FVTPL of RMB80.0 million, which was partially offset by proceeds from disposal of financial assets at FVTPL of RMB50.1 million.

For the year ended December 31, 2024, our net cash from investing activities was RMB0.8 million. This was primarily driven by (i) proceeds from disposal of financial assets at FVTPL of RMB44.2 million and (ii) interest received of RMB4.5 million, which were partially offset by (i) purchases of financial assets at FVTPL of RMB40.0 million, and (ii) purchases of items of property, plant and equipment of RMB7.4 million.

For the year ended December 31, 2023, our net cash from investing activities was RMB28.4 million. This was primarily driven by (i) proceeds from disposal of financial assets at FVTPL of RMB107.8 million, and (ii) proceeds from disposal of debt investments at fair value through other comprehensive income of RMB10.0 million, which were partially offset by (i) purchases of financial assets at FVTPL of RMB90.0 million, and (ii) purchases of items of property, plant and equipment of RMB3.8 million.

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For the year ended December 31, 2022, our net cash from investing activities was RMB59.5 million. This was mainly due to (i) proceeds from disposal of financial assets at FVTPL of RMB207.7 million, and (ii) proceeds from disposal of debt investments at fair value through other comprehensive income of RMB60.0 million, which were partially offset by (i) purchases of financial assets at FVTPL of RMB167.1 million and purchases of items of property, plant and equipment of RMB43.5 million.

Financing Activities

For the six months ended June 30, 2025, our net cash from financing activities was RMB3.6 million. This was primarily attributable to (i) proceeds from new bank loans of RMB34.0 million, which was partially offset by (ii) repayment of bank loans of RMB30.0 million.

For the year ended December 31, 2024, our net cash from financing activities was RMB8.6 million. This was primarily driven by (i) proceeds from new bank loans of RMB40.0 million, which was partially offset by (ii) repayment of bank loans of RMB30.0 million.

For the year ended December 31, 2023, our net cash used in financing activities was RMB23.4 million. This was mainly due to (i) repayment of bank loans of RMB50.0 million and (ii) dividends paid of RMB3.0 million, which was partially offset by (iii) proceeds from new bank loans of RMB30.7 million.

For the year ended December 31, 2022, our net cash from financing activities was RMB48.4 million. This was primarily due to (i) proceeds from new bank loans of RMB50.0 million, which was partially offset by (ii) payment of lease liabilities of RMB1.0 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account of the financial resources available to us, including (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents; (iii) available bank facilities; (iv) financial assets at fair value through profit or loss; and (v) the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital for our requirements for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities (applicable when we generated net cash used in operating activities during such period), (ii) purchases of property, plant and equipment, (iii) purchases of intangible assets, (iv) payment of lease liabilities. We consider these items to be key indicators of our operational efficiency, reflecting payments which can significantly impact our cashflow, such as our capital expenditures representing significant cash outflows, and our investment in intellectual property or technology, and payments of lease obligations, all of which may occur on a regular basis. Our historical cash burn rate was RMB3.7 million, RMB2.9 million, RMB2.2 million, RMB1.1 million and RMB0.3 million for the years ended December 31, 2022, 2023, and 2024 and the six months ended June 30, 2024 and 2025, respectively. The significant decrease in our cash burn rate for the six months ended June 30, 2024 and 2025 mainly due to (i) in 2022, we incurred significant

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cash burn for the purchases of property, plant and equipment, whereas we did not incur expenditures of a comparable magnitude for the six months ended June 30, 2024 and 2025; (ii) we recorded net cash flows used in operating activities in 2023 and 2024, whereas we generated net cash flows from operating activities for the six months ended June 30, 2024 and 2025, respectively.

We had cash and cash equivalents, current financial assets at fair value through profit or loss of RMB166.5 million as of June 30, 2025 and unutilized banking facilities of RMB140.0 million as of June 30, 2025. We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and based on the mid-point of the indicative [REDACTED] in this document. Assuming that the average cash burn rate going forward will be RMB[REDACTED] million, similar to the cash burn rate level in 2024, although which is subject to change due to various factors including but not limited to the business development, industry trend and clients’ requirement, we estimate that our cash and cash equivalents, current financial assets at fair value through profit or loss as of June 30, 2025 and unutilized banking facilities as of June 30, 2025 will be able to maintain our financial viability for approximately [REDACTED] months or, if we take into account [REDACTED]% of the estimated [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and other general corporate purposes), approximately [REDACTED] months or, if we also take into account the estimated [REDACTED] from the [REDACTED], approximately [REDACTED] months. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. See “–Indebtedness.” We do not expect to have next round of financing before the [REDACTED].

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(Unaudited)</i>									
Workforce employment ⁽¹⁾	51,164	26.3	57,316	25.6	62,630	26.6	30,092	26.6	32,037	23.0
Direct production costs, including materials ⁽²⁾	122,290	62.8	134,955	60.4	135,362	57.4	66,485	58.9	88,690	63.8
Research and development costs ⁽³⁾	6,542	3.4	7,863	3.5	8,500	3.6	4,189	3.7	3,986	2.9
Product marketing ⁽⁴⁾	7,481	3.8	11,394	5.1	14,738	6.3	6,961	6.2	7,150	5.1
Non-income taxes and other charges	7,261	3.7	11,969	5.4	14,422	6.1	5,249	4.6	7,179	5.2
Contingency allowances	–	–	–	–	–	–	–	–	–	–
Total	194,738	100.0	223,497	100.0	235,652	100.0	112,976	100.0	139,042	100.0

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Notes:

- (1) Cash operating costs relating to workforce employment represent the sum of employee compensation expenses under research and development expenses, administrative expenses, costs of sales and selling and marketing expenses (excluding share-based payments expenses which are non-cash in nature).
- (2) Cash operating costs relating to direct service and production costs, including materials, represent the costs of sales (excluding direct labor costs and non-cash items under contract fulfillment costs).
- (3) Research and development costs represent research and development expenses, excluding employee compensation, share-based payment expenses and non-cash items under research and development expenses.
- (4) Product and solution marketing represents selling and marketing expenses, excluding employee compensation, share-based payment expenses and non-cash items under selling and marketing expenses.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Current					
Interest-bearing bank loans	50,000	30,746	40,000	44,006	40,589
Lease liabilities	158	27	104	92	64
	50,158	30,773	40,104	44,098	40,653
Non-current					
Lease liabilities	27	–	35	–	–
Total	50,185	30,773	40,139	44,098	40,653

Interest-Bearing Bank Loans

Please see “– Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities – Interest-bearing bank loans” above.

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Lease Liabilities

Our lease liabilities primarily represent the amounts to be paid for our lease of office premises.

The following table sets forth a breakdown of our lease liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2022	2023	2024	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Current	158	27	104	92	64
Non-current	27	–	35	–	–
Total	185	27	139	92	64

For discussion of the current portion of lease liabilities as of end of each period during the Track Record Period, please see “– Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities – Lease liabilities” above.

Contingent Liabilities

We did not have any material contingent liabilities as of December 31, 2022, 2023 and 2024 and June 30, 2025 and September 30, 2025, respectively.

Indebtedness Statement

Except as disclosed above, as of September 30, 2025, being the latest practicable date for determining our indebtedness, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that there has not been any material change in our indebtedness since the latest practicable date for determining our indebtedness, and up to the date of this document.

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RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our research and development expenditure primarily consisted of research and development expenses adjusted by adding back intangible assets acquired from third parties and deducting amortization expenses of capitalized intangible assets included in research and development expenditure. The table below sets forth our annual and total R&D expenditure for the periods indicated:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Research and development expenses	33,854	35,972	35,994	18,214	18,061
Adjustments:					
Add: intangible assets acquired from third parties ⁽³⁾	250	673	—	—	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(131)	(204)	(204)	(102)	(102)
Annual research and development expenditure	33,973	36,441	35,790	18,112	17,959
Total research and development expenditure			106,204⁽¹⁾		142,275⁽²⁾

Notes:

- (1) Total R&D expenditure for the three financial years prior to [REDACTED].
- (2) Total R&D expenditure over the Track Record Period.
- (3) Primarily related to software procured from third parties for our R&D activities.

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The following table sets forth our annual and total operating expenditure for the periods indicated:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Research and development expenses	33,854	35,972	35,994	18,214	18,061
Selling and distribution expenses	20,545	27,080	38,129	16,782	17,986
Administrative expenses	16,481	17,495	19,661	10,536	11,008
Adjustments:					
Add: intangible assets acquired from third parties	250	673	—	—	—
Less: amortization expense of capitalized intangible assets included in research and development expenditure	(131)	(204)	(204)	(102)	(102)
Annual operating expenditure	70,999	81,016	93,580	45,430	46,953
Total operating expenditure			245,595⁽¹⁾		337,978⁽²⁾

Notes:

(1) Total operating expenditure for the three financial years prior to the [REDACTED].

(2) Total operating expenditure over the Track Record Period.

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The following table sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the periods indicated:

	Year Ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Annual research and development expenditure ratio⁽¹⁾	47.8%	45.0%	38.2%	39.9%	38.2%
Total research and development expenditure ratio			43.2% ⁽²⁾		42.1% ⁽³⁾

Notes:

- (1) Calculated by dividing annual or semi-annual R&D expenditure by annual or semi-annual total operating expenditure.
- (2) Calculated by dividing total R&D expenditure for the three financial years prior to the [REDACTED] by total operating expenditure for the three financial years prior to the [REDACTED].
- (3) Calculated by dividing total R&D expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

During the Track Record Period, our capital expenditures primarily consisted of purchases of property, plant and equipment and intangible assets. The following table sets forth our capital expenditure for the periods indicated.

	Year Ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Purchases of property, plant and equipment	43,472	3,817	7,425	1,189
Purchases of intangible assets	250	463	1,486	503
Total	43,722	4,280	8,911	1,692

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We intend to fund our planned capital expenditures mainly through a combination of the [REDACTED] from the [REDACTED], cash generated from operating activities and bank loans. See “Future Plans and [REDACTED].” Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, financial condition and results of operations, economic conditions in China and changes in the regulatory environment in China. In addition, we may incur additional capital expenditures from time to time as we pursue new opportunities to expand our business.

Capital Commitments

Capital commitments represent capital expenditure contracted for as of a particular date but not yet incurred. The table below sets forth the capital commitments contracted for during the Track Record Period but not yet incurred:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Machinery and other equipment	114	243	520	1,189
Total	114	243	520	1,189

RELATED PARTY TRANSACTIONS

During the Track Record Period, we engaged in certain related party transactions from time to time. See Note 34 to the Accountants’ Report in Appendix I to this document for more details. These transactions mainly included bank loans guaranteed by Mr. Li and Mr. Zhu, being members of our Controlling Shareholders. Such guarantees have been released as of the Latest Practicable Date. For further details, please refer to “Relationship with our Controlling Shareholders – Financial Independence”.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distinct our results of operations or make our historical results not reflective of our future performance.

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KEY FINANCIAL RATIOS

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

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2022	2023	2024	2025
Gross profit margin ⁽¹⁾	27.5%	27.1%	30.4%	32.4%
Current ratio ⁽²⁾	1.8	2.1	2.1	1.6
Quick ratio ⁽³⁾	1.4	1.6	1.7	1.2
Gearing ratio ⁽⁴⁾	15.6%	9.5%	12.8%	13.7%

Notes:

- (1) Calculated by dividing gross profit by total revenue for the year/period.
- (2) Calculated by dividing total current assets by total current liabilities as of the end of the year/period.
- (3) Calculated by dividing total current assets minus inventory by total current liabilities as of the date indicated.
- (4) Calculated as total debt (including interest-bearing bank loans and lease liabilities) divided by total equity as of the date indicated.

Gross Profit Margin

For detailed analysis, please see “– Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross Profit and Gross Profit Margin” above.

Current Ratio and Quick Ratio

Our current ratio increased from 1.8 as of December 31, 2022 to 2.1 as of December 31, 2023, and our quick ratio increased from 1.4 as of December 31, 2022 to 1.6 as of December 31, 2023. This was primarily due to (i) a decrease in interest-bearing bank loans; (ii) a decrease in trade and bills payables; and (iii) a decrease in other payables and accruals, which collectively resulted in our current liabilities decreasing at a faster rate than our current assets and our liquid assets (total current assets less inventories), respectively.

Our current ratio remained stable at 2.1 as of December 31, 2024, compared to 2.1 as of December 31, 2023. Our quick ratio remained relatively stable at 1.7 as of December 31, 2024, compared to 1.6 as of December 31, 2023.

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Our current ratio decreased from 2.1 as of December 31, 2024 to 1.6 as of June 30, 2025, primarily due to (i) an increase in trade and bills payables; (ii) an increase in interest-bearing bank loans; and (iii) a decrease in cash and cash equivalents. As a result, the growth in current assets, mainly in inventories, financial assets at FVTPL and trade and bills receivables, was insufficient to offset the growth in current liabilities. Our quick ratio decreased from 1.7 as of December 31, 2024 to 1.2 as of June 30, 2025, primarily due to the factors mentioned above and an increase in inventories, which resulted in the growth in current liabilities outweighing the growth in liquid assets.

Gearing Ratio

Our gearing ratio was 15.6%, 9.5%, 12.8% and 13.7% as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The fluctuation of our gearing ratio was primarily as a result of fluctuation of our interest-bearing bank loans. For details, please see “– Discussion of Certain Key Consolidated Statements of Financial Position – Current Liabilities – Interest-bearing bank loans” above.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to a variety of market risks, including foreign currency risk, credit risk and liquidity risk in the normal course of our business. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. For details of the risks to which we are exposed, see note 38 to the Accountant’s Report set out in Appendix I in this document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies. As our major businesses are in China, the majority of the transactions are conducted in RMB. Most of our assets and liabilities are denominated in RMB. The Group was not exposed to material foreign currency risk during the Track Record Period.

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.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and lease liabilities. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

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Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders’ value.

We manage our 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, we may adjust the dividend payment to shareholders, return capital to shareholders or [REDACTED].

DIVIDENDS AND DIVIDEND POLICY

For the year ended December 31, 2023, our Company paid a dividend of RMB3.0 million, which had been declared in 2021 (prior to the Track Record Period). Save as disclosed above, no dividend was declared or paid by our Company during the Track Record Period.

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. We currently do not have any dividend policy or fixed dividend pay-out ratio. According to applicable PRC laws and regulations, subject to the fulfillment of the conditions for cash dividends, the annual cash dividends of the Company shall account for no less than 10% of the profits realized by the Company in that year (calculated in accordance with PRC GAAP) which are available for distribution and attributable to the shareholders. Future profit distributions may be carried out in the form of cash dividends or stock dividends, or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders’ meetings. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders’ interests and any other conditions that our Board may deem relevant.

DISTRIBUTABLE RESERVE

As of June 30, 2025, our distributable reserves were RMB28.9 million.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED].

Based on the mid-point of the indicative [REDACTED] for the [REDACTED] and assuming the [REDACTED] is not exercised, we estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] (equivalent to HK\$[REDACTED]). This amount includes HK\$[REDACTED] in [REDACTED]-related expenses, HK\$[REDACTED] in fees and expenses of legal advisors and Reporting Accountants, and HK\$[REDACTED] in other fees and expenses, representing approximately [REDACTED] of the gross [REDACTED] of the [REDACTED].

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During the Track Record Period, nil of [REDACTED] has been incurred. We expect HK\$[REDACTED] of [REDACTED] is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and HK\$[REDACTED] of [REDACTED] is expected to be recognized as a deduction in equity directly upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix IIA to this document.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

NO MATERIAL ADVERSE CHANGE

On November 7, 2025, Changzhou Hongzhi, one of our Controlling Shareholders, established a [REDACTED] to incentive key personnel. Under such scheme, eligible participants can exercise the [REDACTED] to acquire shares of Changzhou Hongzhi when certain criteria are fulfilled. For more information, please refer to Note 39 to the Accountants’ Report in Appendix I to this document.

Save as disclosed above, our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since June 30, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since June 30, 2025 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED 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 of the Listing Rules.

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please refer to the section headed “Business – Growth Strategies” in this document for a detailed discussion of our future plans.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED], and assuming the [REDACTED] are not exercised.

In alignment with our strategies and development plans, we intend to allocate the [REDACTED] for the following purposes.

Strengthening Research and Development Capabilities to Drive Core Technology Advancement and Product Portfolio Expansion

We intend to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) to enhance our research and development capabilities in 2026 to 2030:

- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to (i) the expansion of our R&D team, and (ii) the improvement of salary and compensation for our R&D professionals. In 2026 to 2030, we plan to recruit R&D personnel at junior to senior levels, with specializations in areas such as control systems, software, motion algorithms, robotic hardware, and advanced sensor integrations;
- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to the enhancement of our R&D infrastructure, including (a) the purchase and installation of R&D equipment primarily including essential equipment for the design, testing, and validation of our robotic products; and (b) procurement of software, primarily dedicated to R&D management, simulation, and mechanical analysis applications;

R&D equipment and software we plan to purchase utilizing [REDACTED] from the [REDACTED] mainly includes AI training servers (AI訓練服務器), motor comprehensive performance test benches (電機綜合性能測試台架), medium- and large-sized reducer test benches (中大型減速機測試台架), mechanical and modal simulation software (力學和模態仿真軟件), product lifecycle management software (產品生命週期管理軟件), X-Ray inspection equipment (X-Ray檢測設備), teleoperation systems for embodied intelligence (具身智能遙操系統), high-speed digital oscilloscopes (高速數字示波器), and HALT/HASS reliability test systems (HALT/HASS可靠性測試系統);

FUTURE PLANS AND [REDACTED]

- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to the procurement of raw materials required for our R&D activities, for example, reducers and other machine components, electronic components, and other R&D consumables; and
- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to third-party fees for R&D-related services, such as design, testing, experimentation, and certification.

By expanding R&D efforts, we will drive innovation and accelerate our technological advancements, mainly including (i) the improvement of underlying robotic technologies, and (ii) the expansion of scenario-specific multimodal vertical models. In addition, through dedicated and ongoing investment in R&D, production, and sales and marketing, we will be positioned to continuously optimize and upgrade our product matrix.

Domestic Market Brand Building and Overseas Market Expansion

We intend to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) to deepen and consolidate our partnerships with existing clients, domestic market brand building and overseas market expansion in 2026 to 2030:

- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to establish and develop our China-based sales network and service teams to strengthen our local market foundation, mainly including (i) the expansion of our sales and marketing as well as after-sales personnel; (ii) the expansion of our regional sales and service networks by establishing additional regional sales and marketing offices as well as after-sales service centers; and (iii) investment in market promotion activities such as exhibitions and conferences.
- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to establish local teams in international markets and enhance our global presence, mainly including:
 - (i) approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) to support our plan of establishing several local service centers in North America and Latin America, and set up a combined sales and marketing, and after-sales service center in Europe;
 - (ii) approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) to support our plan of establishing local service centers in Japan, South Korea and Southeast Asia; and
 - (iii) approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) to support our plan of opening two demonstration and after-sales service centers in both northern and southern India.

FUTURE PLANS AND [REDACTED]

Enhance Manufacturing Capabilities

We intend to allocate approximately [REDACTED]% of the [REDACTED] from the [REDACTED] (equivalent to HK\$[REDACTED]) for enhancement of manufacturing capabilities in 2026 to 2030:

- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to procuring advanced production and testing equipment as well as software for production expansion, which we expect to mainly include robotic assembly lines (機器人裝配線), robotic painting lines (機器人噴塗線), robotic testing stations (機器人測試工位), integrated drive and control unit production lines (驅控一體機芯線), electrical cabinet assembly lines (電櫃裝配線), power supply assembly lines (電源裝配線), teach pendant assembly lines (示教器線), cable and hose package flow lines (管線包流水線), power supply aging test lines (電源老化裝配線), high-low temperature test chambers (高低溫箱), video measuring instruments (影像測量儀), automated storage and retrieval systems for raw materials and finished goods (原材料/成品倉立庫), as well as Manufacturing Execution System and Warehouse Management System (MES/WMS);
- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to production plant leasing and development of new production lines to support our production capacity expansion; and
- Approximately [REDACTED]% of the [REDACTED] (equivalent to HK\$[REDACTED]) will be allocated to human resources investment in our production and quality management teams. This includes providing salary increases for current employees and funding the addition of operators and managerial staff.

Working Capital and Corporate Purposes

Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be reserved for general working capital and operational flexibility. This allocation will allow us to respond to strategic opportunities, unforeseen market shifts, and other financial needs in a timely and prudent manner, including the repayment of loans or any other necessary funding requirements.

In the event that the designated [REDACTED] are insufficient to fully fund the aforementioned purposes, we intend to utilize internal resources or equity debt financing to address any shortfalls. Conversely, should there be surplus funds, these will be applied toward other projects consistent with our strategic objectives.

FUTURE PLANS AND [REDACTED]

In the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED], the [REDACTED] allocated to the above purposes will be adjusted on a pro rata basis. Any additional [REDACTED] received from the exercise of the [REDACTED] will be allocated to the above purposes on a pro rata basis.

In the event of any material change in our [REDACTED] of the [REDACTED] from the purposes described above or in our allocation of the [REDACTED] among the purposes described above, a formal announcement will be made.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the above purposes, we will only deposit such [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the letterhead of the firm]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHENGDU CRP ROBOT TECHNOLOGY CO., LTD.* AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

We report on the historical financial information of Chengdu CRP Robot Technology Co., Ltd.* (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[4] to I-[94], which comprises the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[4] to I-[94] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board 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* as 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.

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ACCOUNTANTS’ REPORT

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 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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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-[4] 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

[•]

APPENDIX I

ACCOUNTANTS’ REPORT

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 as 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.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	197,436	222,365	234,039	114,381	155,957
Cost of sales		(143,070)	(162,146)	(162,821)	(79,427)	(105,354)
Gross profit		54,366	60,219	71,218	34,954	50,603
Other income and gains	5	47,606	26,689	16,508	6,437	8,462
Research and development expenses		(33,854)	(35,972)	(35,994)	(18,214)	(18,061)
Selling and distribution expenses		(20,545)	(27,080)	(38,129)	(16,782)	(17,986)
Administrative expenses		(16,481)	(17,495)	(19,661)	(10,536)	(11,008)
Other expenses		(181)	(516)	(875)	(601)	(362)
Finance costs	6	(642)	(955)	(1,329)	(693)	(399)
Impairment losses on financial assets, net		(521)	(3,202)	(4,682)	(4,245)	(2,811)
PROFIT/(LOSS) BEFORE TAX	7	29,748	1,688	(12,944)	(9,680)	8,438
Income tax expense	10	(1,483)	–	–	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD		28,265	1,688	(12,944)	(9,680)	8,438
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations		–	–	115	15	59
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR/PERIOD		28,265	1,688	(12,829)	(9,665)	8,497
Profit/(loss) attributable to:						
Owners of the parent		28,265	1,688	(12,944)	(9,680)	8,438
Total comprehensive income/(expense) attributable to:						
Owners of the parent		28,265	1,688	(12,829)	(9,665)	8,497
EARNINGS/(LOSS) PER SHARE						
ATTRIBUTABLE TO ORDINARY						
EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB per share)	12	0.63	0.04	(0.29)	(0.22)	0.19

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS					
Property, plant and equipment	13	109,059	109,739	103,257	139,656
Right-of-use assets	14	10,835	10,068	9,551	9,192
Intangible assets	15	2,547	2,832	3,580	3,844
Prepayments, other receivables and other assets	20	3,082	2,680	1,965	899
Financial assets at fair value through profit or loss (“FVTPL”)	21	3,938	–	–	–
Total non-current assets		129,461	125,319	118,353	153,591
CURRENT ASSETS					
Inventories	17	111,660	94,546	82,456	124,232
Trade and bills receivables	18	74,983	101,060	113,940	142,061
Debt investments at fair value through other comprehensive income	19	13,897	6,823	19,133	19,299
Prepayments, other receivables and other assets	20	20,374	18,219	11,504	20,161
Financial assets at FVTPL	21	16,785	3,844	–	30,000
Restricted bank deposits	22	989	–	1,406	925
Cash and cash equivalents	22	188,501	162,374	154,272	136,512
Total current assets		427,189	386,866	382,711	473,190
CURRENT LIABILITIES					
Trade and bills payables	23	129,942	115,870	111,079	222,941
Contract liabilities	24	2,196	1,693	3,648	2,535
Other payables and accruals	25	48,081	34,115	23,232	25,942
Interest-bearing bank loans	26	50,000	30,746	40,000	44,006
Lease liabilities	14	158	27	104	92
Tax payable		1,485	1,485	1,483	1,483
Total current liabilities		231,862	183,936	179,546	296,999
NET CURRENT ASSETS		195,327	202,930	203,165	176,191
TOTAL ASSETS LESS CURRENT LIABILITIES		324,788	328,249	321,518	329,782

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ACCOUNTANTS’ REPORT

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Lease liabilities	14	27	–	35	–
Deferred income	27	1,134	1,786	5,104	4,082
Provision	28	1,584	2,429	3,323	3,826
Total non-current liabilities		2,745	4,215	8,462	7,908
Net assets		322,043	324,034	313,056	321,874
EQUITY					
Equity attributable to owners of the parent					
Share capital	29	45,000	45,000	45,000	45,000
Reserves	30	277,043	279,034	268,056	276,874
Total equity		322,043	324,034	313,056	321,874

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent							Total equity
	Share capital	Capital reserve*	Share-based payment reserve*	Difference arising from acquisition of non-controlling interests*	Statutory surplus reserve*	Safety production fund*	Retained profits*	
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2022	45,000	235,395	–	362	–	1,653	6,922	289,332
Profit for the year	–	–	–	–	–	–	28,265	28,265
Total comprehensive income for the year	–	–	–	–	–	–	28,265	28,265
Share-based payments	–	–	4,446	–	–	–	–	4,446
Safety production fund provided	–	–	–	–	–	1,338	(1,338)	–
Safety production fund used	–	–	–	–	–	(731)	731	–
Transfer from retained profits	–	–	–	–	2,771	–	(2,771)	–
At 31 December 2022	<u>45,000</u>	<u>235,395</u>	<u>4,446</u>	<u>362</u>	<u>2,771</u>	<u>2,260</u>	<u>31,809</u>	<u>322,043</u>

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ACCOUNTANTS’ REPORT

Year ended 31 December 2023

	Attributable to owners of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Difference arising from acquisition of non-controlling interests*	Statutory surplus reserve*	Safety production fund*	Retained profits*	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2023	45,000	235,395	4,446	362	2,771	2,260	31,809	322,043
Profit for the year	–	–	–	–	–	–	1,688	1,688
Total comprehensive income for the year	–	–	–	–	–	–	1,688	1,688
Share-based payments	–	–	303	–	–	–	–	303
Safety production fund provided	–	–	–	–	–	1,606	(1,606)	–
Safety production fund used	–	–	–	–	–	(1,766)	1,766	–
Transfer from retained profits	–	–	–	–	169	–	(169)	–
At 31 December 2023	45,000	235,395	4,749	362	2,940	2,100	33,488	324,034

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ACCOUNTANTS’ REPORT

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Difference arising from acquisition of non-controlling interests*	Statutory surplus reserve*	Safety production fund*	Foreign currency translation reserve*	Retained profits*	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2024	45,000	235,395	4,749	362	2,940	2,100	–	33,488	324,034
Loss for the year	–	–	–	–	–	–	–	(12,944)	(12,944)
Other comprehensive income for the year:									
Exchange differences related to foreign operations	–	–	–	–	–	–	115	–	115
Total comprehensive income/(expense) for the year	–	–	–	–	–	–	115	(12,944)	(12,829)
Share-based payments	–	–	1,851	–	–	–	–	–	1,851
Vested shares under the share award scheme	–	1,295	(1,295)	–	–	–	–	–	–
Safety production fund provided	–	–	–	–	–	1,670	–	(1,670)	–
Safety production fund used	–	–	–	–	–	(1,255)	–	1,255	–
At 31 December 2024	45,000	236,690	5,305	362	2,940	2,515	115	20,129	313,056

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ACCOUNTANTS’ REPORT

Six months ended 30 June 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Difference arising from acquisition of non-controlling interests*	Statutory surplus reserve*	Safety production fund*	Foreign currency translation reserve*	Retained profits*	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2025	45,000	236,690	5,305	362	2,940	2,515	115	20,129	313,056
Profit for the period	–	–	–	–	–	–	–	8,438	8,438
Other comprehensive income for the period:									
Exchange differences related to foreign operations	–	–	–	–	–	–	59	–	59
Total comprehensive income for the period	–	–	–	–	–	–	59	8,438	8,497
Share-based payments	–	–	321	–	–	–	–	–	321
Safety production fund provided	–	–	–	–	–	850	–	(850)	–
Safety production fund used	–	–	–	–	–	(1,171)	–	1,171	–
At 30 June 2025	45,000	236,690	5,626	362	2,940	2,194	174	28,888	321,874

* These reserve accounts comprise the consolidated reserves of RMB277,043,000, RMB279,034,000, RMB268,056,000 and RMB276,874,000 in the consolidated statements of financial position as at 31 December 2022, 2023, and 2024 and 30 June 2025, respectively.

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ACCOUNTANTS’ REPORT

Six months ended 30 June 2024 (unaudited)

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share-based payment reserve	Difference arising from acquisition of non-controlling interests	Statutory surplus reserve	Safety production fund	Foreign currency translation reserve	Retained profits	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000	RMB'000
At 1 January 2024	45,000	235,395	4,749	362	2,940	2,100	–	33,488	324,034
Loss for the period (unaudited)	–	–	–	–	–	–	–	(9,680)	(9,680)
Other comprehensive income for the period:									
Exchange differences related to foreign operations (unaudited)	–	–	–	–	–	–	15	–	15
Total comprehensive income/(expense) for the period (unaudited)	–	–	–	–	–	–	15	(9,680)	(9,665)
Share-based payments (unaudited)	–	–	658	–	–	–	–	–	658
Safety production fund provided (unaudited)	–	–	–	–	–	835	–	(835)	–
Safety production fund used (unaudited)	–	–	–	–	–	(721)	–	721	–
At 30 June 2024 (unaudited)	<u>45,000</u>	<u>235,395</u>	<u>5,407</u>	<u>362</u>	<u>2,940</u>	<u>2,214</u>	<u>15</u>	<u>23,694</u>	<u>315,027</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		29,748	1,688	(12,944)	(9,680)	8,438
Adjustments for:						
Bank interest income	5	(2,445)	(4,721)	(4,549)	(2,301)	(1,359)
Finance costs	6	642	955	1,329	693	399
Losses/(gains) on disposal of items of property, plant and equipment, net	7	173	(77)	(349)	(302)	–
Loss on disposal of intangible assets	7	–	–	421	421	–
Gains on termination of operating leases as a lessee	5	(654)	–	–	–	–
Depreciation of property, plant and equipment	7	5,484	9,397	9,959	4,895	5,526
Depreciation of right-of-use assets	7	2,150	767	723	359	365
Amortisation of intangible assets	7	348	389	373	176	256
Write-down/(reversal of write-down) of inventories to net realisable value	7	1,962	5,043	3,855	1,325	(201)
Impairment losses on trade receivables and other receivables, net	7	521	3,202	4,682	4,245	2,811
Deferred income released to profit or loss	5	(581)	(149)	(162)	(75)	(2,112)
Fair value gains on financial assets at FVTPL	5	(500)	(901)	(309)	(174)	(143)
Unrealised foreign exchange (gains)/losses, net		(25)	241	(205)	(35)	91
Equity-settled share-based payment expenses		4,446	303	1,851	658	321
		<u>41,269</u>	<u>16,137</u>	<u>4,675</u>	<u>205</u>	<u>14,392</u>

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	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Notes					
Decrease/(increase) in inventories	(38,061)	10,575	7,843	944	(41,699)
Increase in trade and bills receivables	(30,035)	(33,714)	(22,874)	(6,569)	(32,288)
Decrease/(Increase) in restricted bank deposits	15,801	989	(1,406)	–	481
Decrease/(increase) in prepayments, deposits and other receivables	1,527	2,142	6,683	(4,419)	(8,632)
Decrease/(increase) in debt investments at fair value through other comprehensive income	(2,945)	(5,947)	(13,782)	1,612	(3,376)
Increase/(decrease) in trade and bills payables	42,534	(21,068)	(5,320)	16,586	76,638
Increase/(decrease) in contract liabilities	(3,664)	(503)	1,955	(413)	(1,113)
Increase/(decrease) in other payables and accruals	(266)	(1,138)	98	(2,316)	2,888
Increase in provision	542	845	894	369	503
Increase in deferred income	–	801	3,480	–	1,090
Cash generated from/(used in) operations	26,702	(30,881)	(17,754)	5,999	8,884
Tax paid	–	–	(2)	–	–
Net cash flows from/(used in) operating activities	26,702	(30,881)	(17,756)	5,999	8,884
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2,445	4,721	4,549	2,301	1,359
Purchases of items of property, plant and equipment	(43,472)	(3,817)	(7,425)	(6,411)	(1,189)
Purchases of intangible assets	(250)	(463)	(1,486)	–	(503)
Purchases of financial assets at FVTPL	(167,124)	(90,000)	(40,000)	(30,000)	(80,000)
Proceeds from disposal of financial assets at FVTPL	207,702	107,780	44,153	30,175	50,143
Proceeds from disposal of items of property, plant and equipment	215	145	966	520	24
Proceeds from disposal of debt investments at fair value through other comprehensive income	60,000	10,000	–	–	–
Net cash flows from/(used in) investing activities	59,516	28,366	757	(3,415)	(30,166)

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	<i>Notes</i>	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>	
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid		(528)	(951)	(1,325)	(691)	(397)
New bank loans		50,000	30,746	40,000	30,000	34,006
Repayment of bank loans		–	(50,000)	(30,000)	–	(30,000)
Dividend paid		–	(3,004)	–	–	–
Payment of lease liabilities	14	(1,028)	(162)	(98)	(44)	(55)
Net cash flows from/(used in) financing activities		48,444	(23,371)	8,577	29,265	3,554
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		134,662	(25,886)	(8,422)	31,849	(17,728)
Effect of foreign exchange rate changes, net		25	(241)	320	50	(32)
Cash and cash equivalents at beginning of year/period		53,814	188,501	162,374	162,374	154,272
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>188,501</u>	<u>162,374</u>	<u>154,272</u>	<u>194,273</u>	<u>136,512</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	22	<u>188,501</u>	<u>162,374</u>	<u>154,272</u>	<u>194,273</u>	<u>136,512</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
NON-CURRENT ASSETS					
Property, plant and equipment	13	109,035	109,735	103,257	139,656
Right-of-use assets	14	10,835	10,068	9,422	9,111
Intangible assets	15	2,077	2,391	3,580	3,844
Prepayments, other receivables and other assets	20	3,082	2,680	1,965	899
Investments in subsidiaries	16	5,696	4,930	6,115	1,691
Total non-current assets		130,725	129,804	124,339	155,201
CURRENT ASSETS					
Inventories	17	111,529	94,361	82,456	124,232
Trade and bills receivables	18	74,976	101,047	113,940	142,061
Debt investments at fair value through other comprehensive income	19	13,897	6,823	19,133	19,299
Prepayments, other receivables and other assets	20	20,325	18,314	11,402	20,079
Financial assets at FVTPL	21	16,785	–	–	30,000
Restricted bank deposits	22	989	–	814	925
Cash and cash equivalents	22	187,351	161,216	149,054	135,214
Total current assets		425,852	381,761	376,799	471,810
CURRENT LIABILITIES					
Trade and bills payables	23	129,980	115,917	111,079	222,941
Contract liabilities	24	2,196	1,693	3,648	2,535
Other payables and accruals	25	47,920	33,395	23,225	25,942
Interest-bearing bank loans	26	50,000	30,746	40,000	44,006
Lease liabilities	14	158	27	–	–
Tax payable		1,483	1,483	1,483	1,483
Total current liabilities		231,737	183,261	179,435	296,907
NET CURRENT ASSETS		194,115	198,500	197,364	174,903
TOTAL ASSETS LESS CURRENT LIABILITIES		324,840	328,304	321,703	330,104

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		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Lease liabilities	14	27	–	–	–
Deferred income	27	1,134	1,786	5,104	4,082
Provision	28	1,584	2,429	3,323	3,826
Total non-current liabilities		2,745	4,215	8,427	7,908
Net assets		322,095	324,089	313,276	322,196
EQUITY					
Equity attributable to owners of the parent					
Share capital	29	45,000	45,000	45,000	45,000
Reserves	30	277,095	279,089	268,276	277,196
Total equity		322,095	324,089	313,276	322,196

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was a company established in Chengdu, the People’s Republic of China (the “**PRC**”) on 6 September 2012 and converted into a joint stock company with limited liability on 30 June 2021. The registered office of the Company is at No. 188, Huayue Road, Chenghua District, Chengdu City, Sichuan Province, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in the design, development, manufacture and commercialisation of industrial robots.

As at the date of this report, the Company had direct 100% equity interests in its subsidiaries, all of which are private limited liability companies, and the particulars of the Company’s subsidiaries are set out below:

Entity name	Place and date of incorporation/registration and place of operations	Registered share capital	Principal activities
Jiangsu CRP Robot Technology Co., Ltd. */** (江蘇卡諾普機器人有限公司)	PRC/Chinese Mainland, 8 December 2021	RMB100 million	Manufacture of computers, communication and other electronic equipment
CRP Robot Malaysia Sdn. Bhd.**	Malaysia, 11 January 2024	Malaysian Ringgit (“ MYR ”) 1 million	Development, manufacture and sale of industrial robots

* The English name of the company registered in the PRC represents the best effort made by the management of the Company to directly translate the Chinese name as it did not register any official English name.

** As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024 and these entities were either not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation/registration or remained dormant since its incorporation/registration.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been 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 certain financial assets which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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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.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The financial information of the subsidiaries is prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised HKFRS Accounting Standards, except for HKFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group’s financial performance and financial position in the period of initial application. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statements of cash flows and relevant disclosures in the future financial information. The Group will continue to assess the impact of HKFRS 18 on the Group’s financial information.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Interests in subsidiaries

Interests in subsidiaries are stated in the statement of financial position of the Company at cost less impairment loss, if any.

Fair value measurement

The Group measures its certain financial assets 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 the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements 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 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 and financial assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person’s family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group;

or

(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; and the sponsoring employers of the post-employment benefit plan;
- (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.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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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	5.28%
Machinery and equipment	9.50% to 31.67%
Motor vehicles	19.00% to 23.75%
Other equipment	19.00% to 33.33%

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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently 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.

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The useful life of the patents is estimated by reference to the expected lifespan of the products utilising the patents.

Software

Purchased computer software is stated at cost less any impairment losses and is amortised on a straight-line basis over its estimated useful life of 2 to 10 years. The useful life of the computer software is assessed by the Group considering the purposes and usage of the software.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	Between 1 year and 3 years
Land use rights	20 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 offices and employee dormitories (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and FVTPL.

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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 FVTPL, 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 HKFRS 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 FVTPL, 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 FVTPL.

Purchases or sales of financial assets that require delivery of assets within the periods generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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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 statements 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 FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers 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 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as 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, lease liabilities and interest-bearing bank loans.

Subsequent measurement

Financial liabilities at amortised cost (trade and bills payable, other payables, and borrowings)

After initial recognition, trade and bills payables, other payables, and interest-bearing bank loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or terminated, 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 the derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of materials consigned for processing, 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 statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

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 the reporting period 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 profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty periods. 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, discounted to their present values as appropriate. 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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period 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
- in respect of taxable temporary differences associated with investments in subsidiaries, 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 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 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
- in respect of deductible temporary differences associated with investments in subsidiaries, 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 reporting period 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 reporting period 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 periods 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 the reporting period.

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 periods in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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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.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or acceptance of the products as agreed in the sales contracts.

(b) Product-related supporting services

Revenue from product-related supporting services is recognised at a point in time when the service is provided and accepted by the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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 Group adopts share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services 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 on which they are granted. Further details are included in note 31 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 reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is terminated, 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.

Other employee benefits

Pension scheme

The employees of the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances – Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan and other social insurance plans operated by the local municipal government. Contributions to these plans by the Group are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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Dividends

Final dividends are recognised as a liability when they are approved by the equity holders of relevant entities comprising the Group in a general meeting. Proposed dividends are disclosed in note 11 to the Historical Financial Information.

Foreign currencies

The historical financial information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than 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 that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation 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 profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of 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:

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Development expenses

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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences and the carry forward of unused tax 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.

The Group has accumulated tax losses and deductible temporary differences in Chinese Mainland at the end of each of the Relevant Periods as disclosed in note 10 to the Historical Financial Information. These losses and deductible temporary differences related to the Company and a subsidiary that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. These entities have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the 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, are discussed below.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables is disclosed in note 18 to the Historical Financial Information.

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Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the robotics industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The information about the provision for inventory is disclosed in note 7 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the design, development, manufacture and commercialisation of industrial robots, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group’s senior management for the purpose of resource allocation and performance assessment. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
China (including Hong Kong and Taiwan)	166,702	180,219	209,436	101,908	141,726
Overseas	30,734	42,146	24,603	12,473	14,231
Total	197,436	222,365	234,039	114,381	155,957

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Most of the non-current assets of the Group are located in Chinese Mainland. Thus, no geographic information is presented.

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Information about a major customer

Revenue from a major customer, which accounted for 10% or more of the Group’s revenue during the Relevant Periods and the six months ended 30 June 2024, is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Customer A	*	23,108	*	*	*

* Less than 10% of the Group’s revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Types of goods or services					
Sale of products	196,780	221,539	233,324	114,086	155,536
Services	656	826	715	295	421
Total	197,436	222,365	234,039	114,381	155,957
Timing of revenue recognition					
Products transferred at a point in time	196,780	221,539	233,324	114,086	155,536
Services provided at a point in time	656	826	715	295	421
Total	197,436	222,365	234,039	114,381	155,957

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The following table shows the amounts of revenue recognised in the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods:					
Sale of products	5,860	2,196	1,693	1,062	3,648

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon the acceptance of delivered products and payment is mainly due within 3 months from delivery or made in advance.

Product-related supporting services

The performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

As the original expected duration of the contracts with customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

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An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<u>Other income</u>					
Bank interest income	2,445	4,721	4,549	2,301	1,359
Deferred income released (note 27)	581	149	162	75	2,112
Government grants*	39,476	20,674	10,139	3,035	3,630
Additional deductible input value added tax	–	36	267	240	447
Rental income	–	48	98	49	14
Others	254	83	250	160	757
Total other income	42,756	25,711	15,465	5,860	8,319
<u>Gains</u>					
Gains on disposal of items of property, plant and equipment	–	77	349	302	–
Gains on termination of operating leases as a lessee	654	–	–	–	–
Fair value gains on financial assets at FVTPL	500	901	309	174	143
Foreign exchange gains, net	3,696	–	385	101	–
Total gains	4,850	978	1,043	577	143
Total other income and gains	47,606	26,689	16,508	6,437	8,462

* Government grants received and recognised as “Other income” during the Relevant Periods related to grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. There are no unfulfilled conditions or contingencies relating to these grants.

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6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank loans	528	951	1,325	691	397
Interest on lease liabilities	114	4	4	2	2
Total	642	955	1,329	693	399

7. PROFIT/(LOSS) BEFORE TAX

The Group’s profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold	142,574	161,628	162,277	79,182	105,054
Cost of services provided	496	518	544	245	300
Depreciation of property, plant and equipment*	5,484	9,397	9,959	4,895	5,526
Depreciation of right-of-use assets*	2,150	767	723	359	365
Amortisation of intangible assets*	348	389	373	176	256
Losses/(gains) on disposal of property, plant and equipment, net	173	(77)	(349)	(302)	–
Write-off of intangible assets	–	–	421	421	–
Gains on termination of operating leases as a lessee	(654)	–	–	–	–
Foreign exchange losses/(gains), net	(3,696)	289	(385)	(101)	96
Lease payment not included in the measurement of lease liabilities	127	185	214	92	108
Impairment of trade receivables	576	3,189	4,650	4,205	2,836
Impairment/(reversal of impairment) of other receivables	(55)	13	32	40	(25)
Write-down/(reversal of write-down) of inventories to net realisable value, net	1,962	5,043	3,855	1,325	(201)
Product warranty provision	1,407	1,795	2,628	980	1,567

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	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Employee benefit expense (excluding directors’ and supervisors’ remuneration) (note 8):					
Wages and salaries	40,457	46,911	51,684	24,888	26,614
Pension scheme contributions, social welfare and other welfare**	10,707	10,405	10,946	5,204	5,423
Share-based payment expenses, net	3,766	(377)	1,794	601	321
Total	54,930	56,939	64,424	30,693	32,358

* The depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of right-of-use assets are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

Directors’ and supervisors’ remuneration for the Relevant Periods and the six months ended 30 June 2024, 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			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fees	360	360	219	180	45
Other emoluments:					
Salaries, allowances and benefits in kind	1,692	1,692	2,136	1,068	1,068
Performance related bonuses	230	458	518	259	641
Pension scheme contributions	269	183	161	189	84
Share-based payment expenses	680	680	57	57	–
Subtotal	2,871	3,013	2,872	1,573	1,793
Total	3,231	3,373	3,091	1,753	1,838

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During the Relevant Periods and the six months ended 30 June 2024, share awards were granted to certain directors in respect of their services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair values of such granted share awards, which have been recognised in profit or loss, were determined as at the date of grant and the amounts included in the Historical Financial Information are included in the above directors’ remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Ms. Zhi Nan <i>(i)</i>	120	120	73	60	15
Mr. Yang Xiaojian <i>(ii)</i>	120	120	60	60	–
Mr. Yu Haizong <i>(ii)</i>	120	120	60	60	–
Ms. He Na <i>(iii)</i>	–	–	13	–	15
Ms. Liang Min <i>(iii)</i>	–	–	13	–	15
Total	360	360	219	180	45

Notes:

- (i) Ms. Zhi Nan was appointed as an independent non-executive director of the Company on 18 June 2021.
- (ii) Mr. Yang Xiaojian and Mr. Yu Haizong were appointed as independent non-executive directors of the Company with effect from 18 June 2021 and resigned on 18 June 2024.
- (iii) Ms. He Na and Ms. Liang Min were appointed as independent non-executive directors of the Company on 21 August 2024. Ms. He Na will resign as an independent non-executive director effective upon the [REDACTED].

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024.

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(b) Executive directors, non-executive directors, and supervisors

Year ended 31 December 2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Li Liangjun (<i>i</i>)	300	–	40	–	340
Mr. Zhu Lusheng (<i>ii</i>)	300	–	40	–	340
Mr. Zeng Bing (<i>ii</i>)	240	26	38	–	304
Ms. Gu Fei (<i>ii</i>)	240	42	38	–	320
Subtotal	1,080	68	156	–	1,304
Non-executive directors:					
Mr. Huang He (<i>iii</i>)	–	–	–	–	–
Ms. Qing Chen (<i>iii</i>)	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Chen Hui (<i>iv</i>)	216	83	45	300	644
Mr. Li Xiang (<i>iv</i>)	216	63	35	360	674
Mr. Li Daichun (<i>iv</i>)	180	16	33	20	249
Subtotal	612	162	113	680	1,567
Total	1,692	230	269	680	2,871

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Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Li Liangjun (<i>i</i>)	300	94	27	–	421
Mr. Zhu Lusheng (<i>ii</i>)	300	94	27	–	421
Mr. Zeng Bing (<i>ii</i>)	240	38	26	–	304
Ms. Gu Fei (<i>ii</i>)	240	49	26	–	315
Subtotal	1,080	275	106	–	1,461
Non-executive directors:					
Mr. Huang He (<i>iii</i>)	–	–	–	–	–
Ms. Qing Chen (<i>iii</i>)	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Chen Hui (<i>iv</i>)	216	82	27	300	625
Mr. Li Xiang (<i>iv</i>)	216	79	25	360	680
Mr. Li Daichun (<i>iv</i>)	180	22	25	20	247
Subtotal	612	183	77	680	1,552
Total	1,692	458	183	680	3,013

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Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Li Liangjun (<i>i</i>)	384	78	23	–	485
Mr. Zhu Lusheng (<i>ii</i>)	384	103	23	–	510
Mr. Zeng Bing (<i>ii</i>)	276	75	23	–	374
Ms. Gu Fei (<i>ii</i>)	300	63	23	–	386
Subtotal	1,344	319	92	–	1,755
Non-executive directors:					
Mr. Huang He (<i>iii</i>)	–	–	–	–	–
Ms. Qing Chen (<i>iii</i>)	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Chen Hui (<i>iv</i>)	360	70	23	25	478
Mr. Li Xiang (<i>iv</i>)	240	105	23	30	398
Mr. Li Daichun (<i>iv</i>)	192	24	23	2	241
Subtotal	792	199	69	57	1,117
Total	2,136	518	161	57	2,872

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Six months ended 30 June 2025

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Li Liangjun <i>(i)</i>	192	188	12	–	392
Mr. Zhu Lusheng <i>(ii)</i>	192	188	12	–	392
Mr. Zeng Bing <i>(ii)</i>	138	75	12	–	225
Ms. Gu Fei <i>(ii)</i>	150	75	12	–	237
Subtotal	672	526	48	–	1,246
Non-executive directors:					
Mr. Huang He <i>(iii)</i>	–	–	–	–	–
Ms. Qing Chen <i>(iii)</i>	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Chen Hui <i>(iv)</i>	180	84	12	–	276
Mr. Li Xiang <i>(iv)</i>	120	12	12	–	144
Mr. Li Daichun <i>(iv)</i>	96	19	12	–	127
Subtotal	396	115	36	–	547
Total	1,068	641	84	–	1,793

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Six months ended 30 June 2024 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Li Liangjun (<i>i</i>)	192	39	11	–	242
Mr. Zhu Lusheng (<i>ii</i>)	192	51	11	–	254
Mr. Zeng Bing (<i>ii</i>)	138	38	11	–	187
Ms. Gu Fei (<i>ii</i>)	150	31	11	–	192
Subtotal	672	159	44	–	875
Non-executive directors:					
Mr. Huang He (<i>iii</i>)	–	–	–	–	–
Ms. Qing Chen (<i>iii</i>)	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Chen Hui (<i>iv</i>)	180	35	11	25	251
Mr. Li Xiang (<i>iv</i>)	120	53	11	30	214
Mr. Li Daichun (<i>iv</i>)	96	12	123	2	233
Subtotal	396	100	145	57	698
Total	1,068	259	189	57	1,573

Notes:

- (i) Mr. Li Liangjun was appointed as an executive director and the chief executive officer on 1 April 2017.
- (ii) Mr. Zhu Lusheng, and Mr. Zeng Bing, and Ms. Gu Fei were appointed as executive directors of the Company on 5 February 2018, 20 April 2020, and 13 September 2018, respectively. Mr. Zeng Bing will resign as an executive director effective upon the [REDACTED].
- (iii) Mr. Huang He and Ms. Qing Chen were appointed as non-executive directors of the Company on 5 February 2018 and 13 September 2018, respectively.
- (iv) Mr. Chen Hui, Mr. Li Xiang and Mr. Li Daichun were appointed as supervisors of the Company on 18 June 2021. Mr. Li Xiang will be appointed as a non-executive director effective upon the [REDACTED]. Mr. Chen Hui and Mr. Li Daichun will resign as supervisors effective upon the [REDACTED].

There was no arrangement under which a director, or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2024.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2024 and 2025 included one, two, two, three and two directors and supervisors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four, three, three, two and three highest paid employees who are neither a director nor supervisor of the Company during the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2024 and 2025, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	888	628	794	240	403
Performance related bonuses	166	193	392	25	275
Pension scheme contributions	136	67	69	22	35
Share-based payment expenses	2,527	1,617	1,265	354	842
Total	3,717	2,505	2,520	641	1,555

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
				(unaudited)	
Nil to Hong Kong Dollar (“HK\$”) 1,000,000	1	2	1	2	3
HK\$1,000,001 to HK\$1,500,000	3	1	2	–	–
Total	4	3	3	2	3

During the Relevant Periods and the six months ended 30 June 2024, share awards were granted to certain highest paid employees in respect of their services and contributions to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair values of such awards, which have been recognised in profit or loss immediately upon the dates of grant or over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2024 are included in the above highest paid employees’ remuneration disclosures.

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits, in accordance with the PRC Income Tax Law and the respective regulations which were approved and became effective on 1 January 2008 except for the Company which was qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% during the Relevant Periods and the six months ended 30 June 2024.

Malaysia

The Group’s subsidiary in Malaysia is subject to enterprise income tax on its taxable income in Malaysia at a rate of 24%. No provision for Malaysia profits tax has been made as the Group had no taxable profit derived or earned in Malaysia during the Relevant Periods and the six months ended 30 June 2024.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Profit/(loss) before tax	29,748	1,688	(12,944)	(9,680)	8,438
Tax at the statutory tax rate of 25%	7,437	422	(3,236)	(2,420)	2,110
Lower tax rate enacted by local authorities	(2,879)	(145)	1,384	998	(828)
Additional deductible allowance for qualified research and development expenses	(4,102)	(4,732)	(2,675)	(1,338)	(2,709)
Expenses not deductible for tax	39	95	106	33	63
Tax losses utilised from previous period	(120)	–	–	–	–
Effect of deductible temporary differences not recognised	1,108	1,018	2,052	840	271
Tax losses not recognised	–	3,342	2,369	1,887	1,093
Tax charge at the Group’s effective rate	1,483	–	–	–	–

According to the PRC Corporate Income Tax regulations, the Company is entitled to claim an additional deduction for qualified research and development expenses. The applicable additional deduction percentage was 75% from 1 January 2022 to 30 September 2022, and was increased to 100% for the period from 1 October 2022 to 30 June 2025.

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The Group has the following accumulated tax losses and deductible temporary differences in Chinese Mainland. These accumulated tax losses will expire in one to ten years for offsetting against future taxable profits of the companies located in Chinese Mainland in which the tax losses arose.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	–	22,280	38,073	45,360
Deductible temporary differences	7,387	14,174	27,854	29,661
Total	7,387	36,454	65,927	75,021

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the Company and a subsidiary that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

11. DIVIDENDS

During the year ended 31 December 2023, the Company paid a dividend of RMB3,004,000 on 21 June 2023, which was declared on 26 April 2021.

Save as disclosed above, no dividend was declared or paid by the Company during the Relevant Periods and the six months ended 30 June 2024.

12. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/loss per share amounts is based on the profit/loss attributable to ordinary equity holders of the parent, and the number of ordinary shares of 45,000,000 outstanding during the Relevant Periods and the six months ended 30 June 2024.

No adjustment has been made to the basic earnings/loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2022

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022						
Cost	–	6,958	1,308	6,303	41,193	55,762
Accumulated depreciation	–	(2,697)	(868)	(3,021)	–	(6,586)
Net carrying amount	–	4,261	440	3,282	41,193	49,176
At 1 January 2022, net of accumulated depreciation	–	4,261	440	3,282	41,193	49,176
Additions	–	2,601	50	3,431	59,673	65,755
Transfers	95,850	992	–	323	(97,165)	–
Disposals	–	(285)	–	(103)	–	(388)
Depreciation provided during the year	(2,538)	(927)	(121)	(1,898)	–	(5,484)
At 31 December 2022, net of accumulated depreciation	93,312	6,642	369	5,035	3,701	109,059
At 31 December 2022						
Cost	95,850	10,266	1,358	9,954	3,701	121,129
Accumulated depreciation	(2,538)	(3,624)	(989)	(4,919)	–	(12,070)
Net carrying amount	93,312	6,642	369	5,035	3,701	109,059

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31 December 2023

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023						
Cost	95,850	10,266	1,358	9,954	3,701	121,129
Accumulated depreciation	(2,538)	(3,624)	(989)	(4,919)	–	(12,070)
Net carrying amount	93,312	6,642	369	5,035	3,701	109,059
At 1 January 2023, net of accumulated depreciation	93,312	6,642	369	5,035	3,701	109,059
Additions	–	3,997	69	4,544	1,535	10,145
Transfers	–	3,970	–	6	(3,976)	–
Disposals	–	(60)	(6)	(2)	–	(68)
Depreciation provided during the year	(5,076)	(1,379)	(110)	(2,832)	–	(9,397)
At 31 December 2023, net of accumulated depreciation	88,236	13,170	322	6,751	1,260	109,739
At 31 December 2023						
Cost	95,850	18,173	1,421	14,502	1,260	131,206
Accumulated depreciation	(7,614)	(5,003)	(1,099)	(7,751)	–	(21,467)
Net carrying amount	88,236	13,170	322	6,751	1,260	109,739

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ACCOUNTANTS’ REPORT

31 December 2024

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024						
Cost	95,850	18,173	1,421	14,502	1,260	131,206
Accumulated depreciation	(7,614)	(5,003)	(1,099)	(7,751)	–	(21,467)
Net carrying amount	88,236	13,170	322	6,751	1,260	109,739
At 1 January 2024, net of accumulated depreciation	88,236	13,170	322	6,751	1,260	109,739
Additions	–	559	124	1,694	1,717	4,094
Transfers	–	857	–	54	(911)	–
Disposals	–	(579)	(27)	(11)	–	(617)
Depreciation provided during the year	(5,076)	(1,629)	(104)	(3,150)	–	(9,959)
At 31 December 2024, net of accumulated depreciation	83,160	12,378	315	5,338	2,066	103,257
At 31 December 2024						
Cost	95,850	19,010	1,518	16,239	2,066	134,683
Accumulated depreciation	(12,690)	(6,632)	(1,203)	(10,901)	–	(31,426)
Net carrying amount	83,160	12,378	315	5,338	2,066	103,257

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30 June 2025

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025						
Cost	95,850	19,010	1,518	16,239	2,066	134,683
Accumulated depreciation	(12,690)	(6,632)	(1,203)	(10,901)	–	(31,426)
Net carrying amount	83,160	12,378	315	5,338	2,066	103,257
At 1 January 2025, net of accumulated depreciation	83,160	12,378	315	5,338	2,066	103,257
Additions	–	489	–	939	40,521	41,949
Transfers	–	38,034	–	–	(38,034)	–
Disposals	–	(23)	–	(1)	–	(24)
Depreciation provided during the period	(2,538)	(1,413)	(59)	(1,516)	–	(5,526)
At 30 June 2025, net of accumulated depreciation	80,622	49,465	256	4,760	4,553	139,656
At 30 June 2025						
Cost	95,850	57,510	1,518	17,177	4,553	176,608
Accumulated depreciation	(15,228)	(8,045)	(1,262)	(12,417)	–	(36,952)
Net carrying amount	80,622	49,465	256	4,760	4,553	139,656

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The Company

31 December 2022

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022						
Cost	–	6,866	1,308	6,267	41,193	55,634
Accumulated depreciation	–	(2,641)	(868)	(2,997)	–	(6,506)
Net carrying amount	–	4,225	440	3,270	41,193	49,128
At 1 January 2022, net of accumulated depreciation	–	4,225	440	3,270	41,193	49,128
Additions	–	2,601	50	3,431	59,673	65,755
Transfers	95,850	992	–	323	(97,165)	–
Disposals	–	(285)	–	(103)	–	(388)
Depreciation provided during the year	(2,538)	(909)	(121)	(1,892)	–	(5,460)
At 31 December 2022, net of accumulated depreciation	93,312	6,624	369	5,029	3,701	109,035
At 31 December 2022						
Cost	95,850	10,174	1,358	9,918	3,701	121,001
Accumulated depreciation	(2,538)	(3,550)	(989)	(4,889)	–	(11,966)
Net carrying amount	93,312	6,624	369	5,029	3,701	109,035

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31 December 2023

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023						
Cost	95,850	10,174	1,358	9,918	3,701	121,001
Accumulated depreciation	(2,538)	(3,550)	(989)	(4,889)	–	(11,966)
Net carrying amount	93,312	6,624	369	5,029	3,701	109,035
At 1 January 2023, net of accumulated depreciation	93,312	6,624	369	5,029	3,701	109,035
Additions	–	3,997	69	4,544	1,535	10,145
Transfers	–	3,970	–	6	(3,976)	–
Disposals	–	(60)	(6)	(2)	–	(68)
Depreciation provided during the year	(5,076)	(1,364)	(110)	(2,827)	–	(9,377)
At 31 December 2023, net of accumulated depreciation	88,236	13,167	322	6,750	1,260	109,735
At 31 December 2023						
Cost	95,850	18,081	1,421	14,466	1,260	131,078
Accumulated depreciation	(7,614)	(4,914)	(1,099)	(7,716)	–	(21,343)
Net carrying amount	88,236	13,167	322	6,750	1,260	109,735

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31 December 2024

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024						
Cost	95,850	18,081	1,421	14,466	1,260	131,078
Accumulated depreciation	(7,614)	(4,914)	(1,099)	(7,716)	–	(21,343)
Net carrying amount	88,236	13,167	322	6,750	1,260	109,735
At 1 January 2024, net of accumulated depreciation	88,236	13,167	322	6,750	1,260	109,735
Additions	–	559	124	1,694	1,717	4,094
Transfers	–	857	–	54	(911)	–
Disposals	–	(576)	(27)	(10)	–	(613)
Depreciation provided during the year	(5,076)	(1,629)	(104)	(3,150)	–	(9,959)
At 31 December 2024, net of accumulated depreciation	83,160	12,378	315	5,338	2,066	103,257
At 31 December 2024						
Cost	95,850	18,921	1,518	16,204	2,066	134,559
Accumulated depreciation	(12,690)	(6,543)	(1,203)	(10,866)	–	(31,302)
Net carrying amount	83,160	12,378	315	5,338	2,066	103,257

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ACCOUNTANTS’ REPORT

30 June 2025

	Buildings	Machinery and equipment	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025						
Cost	95,850	18,921	1,518	16,204	2,066	134,559
Accumulated depreciation	(12,690)	(6,543)	(1,203)	(10,866)	–	(31,302)
Net carrying amount	<u>83,160</u>	<u>12,378</u>	<u>315</u>	<u>5,338</u>	<u>2,066</u>	<u>103,257</u>
At 1 January 2025, net of accumulated depreciation	83,160	12,378	315	5,338	2,066	103,257
Additions	–	490	–	939	40,521	41,950
Transfers	–	38,034	–	–	(38,034)	–
Disposals	–	(23)	–	(1)	–	(24)
Depreciation provided during the period	<u>(2,538)</u>	<u>(1,413)</u>	<u>(59)</u>	<u>(1,517)</u>	<u>–</u>	<u>(5,527)</u>
At 30 June 2025, net of accumulated depreciation	<u>80,622</u>	<u>49,466</u>	<u>256</u>	<u>4,759</u>	<u>4,553</u>	<u>139,656</u>
At 30 June 2025						
Cost	95,850	57,422	1,518	17,142	4,553	176,485
Accumulated depreciation	<u>(15,228)</u>	<u>(7,956)</u>	<u>(1,262)</u>	<u>(12,383)</u>	<u>–</u>	<u>(36,829)</u>
Net carrying amount	<u>80,622</u>	<u>49,466</u>	<u>256</u>	<u>4,759</u>	<u>4,553</u>	<u>139,656</u>

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14. LEASES

The Group as a lessee

The Group has lease contracts for buildings and land use rights. Lump sum payments were made upfront to acquire the land use rights for 20 years from the government, and no ongoing payments will be made under the terms of these land use rights. Leases of buildings generally have lease terms between 1 year and 3 years.

(a) Right-of-use assets

The carrying amounts of the right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Land use rights	Buildings	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	11,286	7,926	19,212
Termination	–	(6,227)	(6,227)
Depreciation charge	(621)	(1,529)	(2,150)
At 31 December 2022 and 1 January 2023	10,665	170	10,835
Depreciation charge	(621)	(146)	(767)
At 31 December 2023 and 1 January 2024	10,044	24	10,068
Additions	–	206	206
Depreciation charge	(622)	(101)	(723)
At 31 December 2024 and 1 January 2025	9,422	129	9,551
Depreciation charge	(311)	(54)	(365)
Exchange realignment	–	6	6
At 30 June 2025	9,111	81	9,192

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The Company

	Land use rights	Buildings	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2022	11,286	7,926	19,212
Termination	–	(6,227)	(6,227)
Depreciation charge	(621)	(1,529)	(2,150)
At 31 December 2022 and 1 January 2023	10,665	170	10,835
Depreciation charge	(621)	(146)	(767)
At 31 December 2023 and 1 January 2024	10,044	24	10,068
Depreciation charge	(622)	(24)	(646)
At 31 December 2024 and 1 January 2025	9,422	–	9,422
Depreciation charge	(311)	–	(311)
At 30 June 2025	9,111	–	9,111

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	7,980	185	27	139
New leases	–	–	206	–
Accretion of interest recognised during the year/ period	114	4	4	2
Payments	(1,028)	(162)	(98)	(55)
Termination	(6,881)	–	–	–
Exchange realignment	–	–	–	6
Carrying amount at end of year/period	185	27	139	92
Analysed into:				
Current	158	27	104	92
Non-current	27	–	35	–

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	7,980	185	27	–
Accretion of interest recognised during the year/ period	114	4	–	–
Payments	(1,028)	(162)	(27)	–
Termination	(6,881)	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount at end of year/period	<u>185</u>	<u>27</u>	<u>–</u>	<u>–</u>
Analysed into:				
Current	158	27	–	–
Non-current	<u>27</u>	<u>–</u>	<u>–</u>	<u>–</u>

(c) *The amounts charged/(credited) in profit or loss in relation to leases are as follows:*

The Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	127	185	214	92	108
Depreciation charge of right-of-use assets	2,150	767	723	359	365
Interest expense on lease liabilities	114	4	4	2	2
Gains on termination of operating leases as a lessee	<u>(654)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net amount charged in profit or loss	<u>1,737</u>	<u>956</u>	<u>941</u>	<u>453</u>	<u>475</u>

The Group as a lessor

The Group leases part of its property, plant and equipment (note 13) consisting of equipment for rental in Chinese Mainland under operating lease arrangements. During the Relevant Periods and the six months ended 30 June 2024, rental income recognised by the Group are included in note 5 to the Historical Financial Information.

As no equipment was under operating leases at the end of each of the Relevant Periods, the Group accordingly had no lease payments receivable from its tenants in future periods.

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15. INTANGIBLE ASSETS

The Group

	Software	Patents	Total
	RMB'000	RMB'000	RMB'000
31 December 2022			
At 1 January 2022:			
Cost	2,371	588	2,959
Accumulated amortisation	(225)	(89)	(314)
Net carrying amount	2,146	499	2,645
At 1 January 2022, net of accumulated amortisation	2,146	499	2,645
Additions	250	–	250
Amortisation provided during the year	(319)	(29)	(348)
At 31 December 2022, net of accumulated amortisation	2,077	470	2,547
At 31 December 2022:			
Cost	2,621	588	3,209
Accumulated amortisation	(544)	(118)	(662)
Net carrying amount	2,077	470	2,547
	Software	Patents	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
At 1 January 2023:			
Cost	2,621	588	3,209
Accumulated amortisation	(544)	(118)	(662)
Net carrying amount	2,077	470	2,547
At 1 January 2023, net of accumulated amortisation	2,077	470	2,547
Additions	674	–	674
Amortisation provided during the year	(360)	(29)	(389)
At 31 December 2023, net of accumulated amortisation	2,391	441	2,832
At 31 December 2023:			
Cost	3,295	588	3,883
Accumulated amortisation	(904)	(147)	(1,051)
Net carrying amount	2,391	441	2,832

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	Software	Patents	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2024			
At 1 January 2024:			
Cost	3,295	588	3,883
Accumulated amortisation	(904)	(147)	(1,051)
Net carrying amount	2,391	441	2,832
At 1 January 2024, net of accumulated amortisation	2,391	441	2,832
Additions	1,542	–	1,542
Write-off	–	(421)	(421)
Amortisation provided during the year	(353)	(20)	(373)
At 31 December 2024, net of accumulated amortisation	3,580	–	3,580
At 31 December 2024:			
Cost	4,837	167	5,004
Accumulated amortisation	(1,257)	(167)	(1,424)
Net carrying amount	3,580	–	3,580
	Software	Patents	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
30 June 2025			
At 1 January 2025:			
Cost	4,837	167	5,004
Accumulated amortisation	(1,257)	(167)	(1,424)
Net carrying amount	3,580	–	3,580
At 1 January 2025, net of accumulated amortisation	3,580	–	3,580
Additions	520	–	520
Amortisation provided during the period	(256)	–	(256)
At 30 June 2025, net of accumulated amortisation	3,844	–	3,844
At 30 June 2025:			
Cost	5,357	167	5,524
Accumulated amortisation	(1,513)	(167)	(1,680)
Net carrying amount	3,844	–	3,844

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The Company

Software

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period:				
Cost	2,371	2,621	3,295	4,837
Accumulated amortisation	(225)	(544)	(904)	(1,257)
Net carrying amount	<u>2,146</u>	<u>2,077</u>	<u>2,391</u>	<u>3,580</u>
At beginning of year/period, net of accumulated amortisation	2,146	2,077	2,391	3,580
Additions	250	674	1,542	520
Amortisation provided during the year/period	(319)	(360)	(353)	(256)
At end of year/period, net of accumulated amortisation	<u>2,077</u>	<u>2,391</u>	<u>3,580</u>	<u>3,844</u>
At end of year/period:				
Cost	2,621	3,295	4,837	5,357
Accumulated amortisation	(544)	(904)	(1,257)	(1,513)
Net carrying amount	<u>2,077</u>	<u>2,391</u>	<u>3,580</u>	<u>3,844</u>

16. INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in subsidiaries, at cost	6,450	5,800	7,291	1,691
Less: impairment	(754)	(870)	(1,176)	–
Net carrying amount	<u>5,696</u>	<u>4,930</u>	<u>6,115</u>	<u>1,691</u>

Notes:

- (a) During the six months ended 30 June 2025, the Company deregistered two subsidiaries. Chengdu CRP Intelligent Equipment Co., Ltd.* (established on 22 December 2017) was deregistered on 3 January 2025, resulting in a decrease of RMB3,950,000 in the cost of investment in subsidiaries. Chengdu Junnuo Weishi Intelligent Technology Co., Ltd.* (established on 7 March 2018) was deregistered on 19 March 2025, resulting in a decrease of RMB1,650,000 in the cost of investment in subsidiaries.

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- (b) During the Relevant Periods, impairment for investment in subsidiaries was provided based on recoverable amount with reference to the fair value of the underlying net assets held by the subsidiaries.

17. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	88,587	68,067	62,153	99,092
Finished goods	14,989	14,338	11,745	13,018
Materials consigned for processing and work in progress	5,315	9,684	8,057	12,041
Goods in transit	2,769	2,457	501	81
Total	111,660	94,546	82,456	124,232

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	88,456	67,882	62,153	99,092
Finished goods	14,989	14,338	11,745	13,018
Materials consigned for processing and work in progress	5,315	9,684	8,057	12,041
Goods in transit	2,769	2,457	501	81
Total	111,529	94,361	82,456	124,232

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18. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	60,298	91,922	95,943	111,918
Less: Impairment of trade receivables	(1,967)	(4,878)	(9,505)	(12,334)
	58,331	87,044	86,438	99,584
Bills receivable	16,652	14,016	27,502	42,477
Total	74,983	101,060	113,940	142,061

Bills receivable are subject to impairment under the general approach and the impairment is considered to be minimal.

The Group’s trading terms with its certain customers are on credit, and the credit period is generally 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group’s trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	26,141	46,191	46,199	66,438
3 to 6 months	15,138	19,445	14,838	16,116
6 to 12 months	16,087	13,882	16,093	7,491
Over 12 months	965	7,526	9,308	9,539
Total	58,331	87,044	86,438	99,584

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The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December			30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,391	1,967	4,878	9,505
Impairment losses, net (<i>note 7</i>)	576	3,189	4,650	2,836
Amount written off as uncollectible	–	(278)	(23)	(7)
At end of year/period	1,967	4,878	9,505	12,334

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

	As at 31 December 2022		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	%	RMB'000
Impairment based on individual assessment	20	100	20
Impairment based on collective assessment by credit risk portfolio			
Within 6 months	41,646	1	367
6 to 12 months	16,999	5	912
12 to 18 months	1,290	25	325
18 to 24 months	339	100	339
Above 24 months	4	100	4
Total	60,298	3	1,967

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As at 31 December 2023			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	%	RMB'000
Impairment based on individual assessment	147	100	147
Impairment based on collective assessment by credit risk portfolio			
Within 6 months	66,731	2	1,095
6 to 12 months	14,737	6	855
12 to 18 months	4,310	15	667
18 to 24 months	5,995	35	2,112
Above 24 months	2	100	2
Total	91,922	5	4,878
As at 31 December 2024			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	%	RMB'000
Impairment based on individual assessment	4,296	72	3,097
Impairment based on collective assessment by credit risk portfolio			
Within 6 months	62,385	2	1,348
6 to 12 months	17,332	7	1,239
12 to 18 months	7,625	16	1,246
18 to 24 months	2,353	26	623
Above 24 months	1,952	100	1,952
Total	95,943	10	9,505
As at 30 June 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000	%	RMB'000
Impairment based on individual assessment	4,286	100	4,286
Impairment based on collective assessment by credit risk portfolio			
Within 6 months	84,994	3	2,440
6 to 12 months	8,446	11	955
12 to 18 months	10,240	22	2,262
18 to 24 months	2,730	43	1,169
Above 24 months	1,222	100	1,222
Total	111,918	11	12,334

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	60,271	91,889	95,943	111,918
Less: Impairment of trade receivables	(1,947)	(4,858)	(9,505)	(12,334)
	58,324	87,031	86,438	99,584
Bills receivable	16,652	14,016	27,502	42,477
Total	74,976	101,047	113,940	142,061

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	26,135	46,191	46,199	66,438
3 to 6 months	15,137	19,445	14,838	16,116
6 to 12 months	16,087	13,882	16,093	7,491
Over 12 months	965	7,513	9,308	9,539
Total	58,324	87,031	86,438	99,584

19. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bills	3,897	6,823	19,133	19,299
Certificates of deposit	10,000	—	—	—
Total	13,897	6,823	19,133	19,299

The above bank acceptance bills and certificates of deposit were issued by reputable banks in Chinese Mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling. The fair value approximates to the carrying value due to the short maturity.

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments for property, plant and equipment	3,082	2,680	1,965	899
Current				
Prepayments	3,074	2,928	3,286	3,784
Other receivables and deposits	3,903	3,234	1,459	2,100
Value-added tax recoverable	13,402	12,075	6,809	14,302
Less: Impairment of other receivables	(5)	(18)	(50)	(25)
Subtotal	20,374	18,219	11,504	20,161
Total	23,456	20,899	13,469	21,060

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments for property, plant and equipment	3,082	2,680	1,965	899
Current				
Prepayments	3,071	2,925	3,286	3,784
Other receivables and deposits	3,873	3,350	1,360	2,021
Value-added tax recoverable	13,386	12,057	6,806	14,299
Less: Impairment of other receivables	(5)	(18)	(50)	(25)
Subtotal	20,325	18,314	11,402	20,079
Total	23,407	20,994	13,367	20,978

The other receivables and deposits are interest-free and unsecured.

As at the end of each of the Relevant Periods, impairment of other receivables was measured based on 12-month expected credit losses if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit losses.

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current portion</u>				
Wealth management products	16,785	3,844	–	30,000
<u>Non-current portion</u>				
Wealth management products	3,938	–	–	–
Total	20,723	3,844	–	30,000

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current portion</u>				
Wealth management products	16,785	–	–	30,000

As at the end of each of the Relevant Periods, the wealth management products were issued by banks in Chinese Mainland, with expected return rates ranging from 1.05% to 3.40% per annum. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows were not solely payments of principal and interest.

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22. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	189,490	162,374	155,678	133,000
Time deposits	—	—	—	4,437
Subtotal	189,490	162,374	155,678	137,437
Less:				
Restricted bank deposits	(989)	—	(1,406)	(925)
Cash and cash equivalents	188,501	162,374	154,272	136,512
Denominated in:				
RMB	187,783	152,987	132,313	110,783
United States Dollar (“USD”)	718	9,387	21,865	25,709
MYR	—	—	94	20
Total	188,501	162,374	154,272	136,512

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	188,340	161,216	149,868	131,702
Time deposits	—	—	—	4,437
Subtotal	188,340	161,216	149,868	136,139
Less:				
Restricted bank deposits	(989)	—	(814)	(925)
Cash and cash equivalents	187,351	161,216	149,054	135,214
Denominated in:				
RMB	186,633	151,829	128,389	110,675
USD	718	9,387	20,665	24,539
Total	187,351	161,216	149,054	135,214

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The RMB is not freely convertible into other currencies, however, under Chinese Mainland’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. Short term time deposits are made for period of 1 month depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposits rates.

As at 31 December 2022 and 2024, and 30 June 2025, the restricted bank deposits represented guarantee deposits for the issuance of bills payable and letters of credit.

23. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	26,734	37,330	37,409	98,220
Bills payable	103,208	78,540	73,670	124,721
Total	129,942	115,870	111,079	222,941

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB’000	RMB’000	RMB’000	RMB’000
Within 3 months	57,812	60,977	62,899	148,146
3 to 6 months	31,607	31,232	28,889	65,984
6 to 12 months	40,314	23,445	18,607	8,512
Over 12 months	209	216	684	299
Total	129,942	115,870	111,079	222,941

Trade payables of the Group are non-interest-bearing and are normally settled on terms of 1 to 3 months.

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The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	26,772	37,377	37,409	98,220
Bills payable	103,208	78,540	73,670	124,721
Total	129,980	115,917	111,079	222,941

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	57,850	61,024	62,899	148,146
3 to 6 months	31,607	31,232	28,889	65,984
6 to 12 months	40,314	23,445	18,607	8,512
Over 12 months	209	216	684	299
Total	129,980	115,917	111,079	222,941

Trade payables of the Company included the amount due to a subsidiary of RMB38,000 and RMB47,000 at 31 December 2022 and 2023, respectively.

24. CONTRACT LIABILITIES

The Group and the Company

	As at 1 January	As at 31 December			As at 30 June
	2022	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>					
Advances from customers:					
Sale of products	5,860	2,196	1,693	3,648	2,535

Contract liabilities represent short-term advances received for the delivery of products. The change in contract liabilities primarily reflects the changes in advances from customer for orders.

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25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payables	7,121	9,726	9,786	6,591
Payables for property, plant and equipment	23,021	13,197	2,216	2,038
Other tax payables	2,031	611	1,322	1,368
Dividend payable	3,004	–	–	–
Deposits from credit sales customers	10,870	8,617	7,946	8,488
Other payables	2,034	1,964	1,962	7,457
Total	48,081	34,115	23,232	25,942

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payables	7,097	9,706	9,786	6,591
Payables for property, plant and equipment	23,021	13,197	2,216	2,038
Other tax payables	2,031	611	1,322	1,368
Dividend payable	3,004	–	–	–
Deposits from credit sales customers	10,870	8,617	7,946	8,488
Other payables	1,897	1,264	1,955	7,457
Total	47,920	33,395	23,225	25,942

Other payables are non-interest-bearing and have no fixed terms of settlement, except for payables relating to acquisition of property, plant and equipment, which are normally settled within one month.

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26. INTEREST-BEARING BANK LOANS

The Group and the Company

	As at 31 December									As at 30 June		
	2022			2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current – repayable within one year												
Bank loans – guaranteed*	2.3-2.5	2023	50,000	2.5-3.2	2024	30,000	2.5-2.6	2025	40,000	2.3-2.5	2025/2026	40,000
Bank loans – secured (note 36(a))	-	-	-	0.51-1.51	2024	746	-	-	-	1.1-1.15	2025	4,006
			50,000			30,746			40,000			44,006

* The above bank loans were guaranteed by Messrs. Li Liangjun and Zhu Lusheng (note 34).

27. DEFERRED INCOME

The Group and the Company

	31 December			30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,715	1,134	1,786	5,104
Grants received during the year/period	-	801	3,480	1,090
Released to profit or loss during the year/period	(581)	(149)	(162)	(2,112)
At end of year/period	1,134	1,786	5,104	4,082

The Group’s deferred income represents government grants received for specific projects. Such grants are credited to profit or loss on a straight-line basis over the expected lives of the related assets, or are recognised as income on a systematic basis over the periods in which the related costs, for which they are intended to compensate, are expensed.

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28. PROVISION

The Group

	Warranties
	<i>RMB’000</i>
At 1 January 2022	1,042
Additional provision charged during the year	1,407
Amounts utilised during the year	<u>(865)</u>
At 31 December 2022 and 1 January 2023	1,584
Additional provision charged during the year	1,795
Amounts utilised during the year	<u>(950)</u>
At 31 December 2023 and 1 January 2024	2,429
Additional provision charged during the year	2,628
Amounts utilised during the year	<u>(1,734)</u>
At 31 December 2024 and 1 January 2025	3,323
Additional provision charged during the period	1,567
Amounts utilised during the period	<u>(1,064)</u>
At 30 June 2025	<u><u>3,826</u></u>

The Group generally provides warranties of one to two years to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

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The Company

	Warranties
	<i>RMB’000</i>
At 1 January 2022	1,030
Additional provision charged during the year	1,407
Amounts utilised during the year	<u>(853)</u>
At 31 December 2022 and 1 January 2023	1,584
Additional provision charged during the year	1,795
Amounts utilised during the year	<u>(950)</u>
At 31 December 2023 and 1 January 2024	2,429
Additional provision charged during the year	2,628
Amounts utilised during the year	<u>(1,734)</u>
At 31 December 2024 and 1 January 2025	3,323
Additional provision charged during the period	1,567
Amounts utilised during the period	<u>(1,064)</u>
At 30 June 2025	<u><u>3,826</u></u>

29. SHARE CAPITAL

	Number of shares in issue	Share capital
	<i>(in thousand)</i>	<i>RMB’000</i>
As at 31 December 2022, 2023 and 2024 and 30 June 2025	<u><u>45,000</u></u>	<u><u>45,000</u></u>

In June 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and accumulated losses, were converted into 45,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company’s capital reserve.

30. 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 Group in section I. The relevant notes to certain movements of the Group’s equity during the Relevant Periods are included below:

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Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions contributed by the shareholders of the Company, details of which are set out in note 31 to the Historical Financial Information.

Safety production fund

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount for maintenance, production and other similar funds based on revenue recognised. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

Foreign currency translation reserve

The Group’s foreign currency translation reserve represents the differences arising from the translation of the financial statements of the Group’s subsidiaries outside Chinese Mainland in accordance with the accounting policy set out for “Foreign currencies” in note 2.3 to the Historical Financial Information.

Statutory surplus reserve

Pursuant to the relevant laws in the PRC, the Company’s subsidiaries in the PRC shall make appropriations from after-tax profits to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profits after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital.

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The Company

The amounts of the Company’s reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Safety production fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	235,395	–	–	1,653	7,889	244,937
Profit for the year	–	–	–	–	27,712	27,712
Total comprehensive income for the year	–	–	–	–	27,712	27,712
Share-based payments	–	4,446	–	–	–	4,446
Safety production fund provided	–	–	–	1,338	(1,338)	–
Safety production fund used	–	–	–	(731)	731	–
Transfer from retained profits	–	–	2,771	–	(2,771)	–
At 31 December 2022	235,395	4,446	2,771	2,260	32,223	277,095
	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Safety production fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	235,395	4,446	2,771	2,260	32,223	277,095
Profit for the year	–	–	–	–	1,691	1,691
Total comprehensive income for the year	–	–	–	–	1,691	1,691
Share-based payments	–	303	–	–	–	303
Safety production fund provided	–	–	–	1,606	(1,606)	–
Safety production fund used	–	–	–	(1,766)	1,766	–
Transfer from retained profits	–	–	169	–	(169)	–
At 31 December 2023	235,395	4,749	2,940	2,100	33,905	279,089

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	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Safety production fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	235,395	4,749	2,940	2,100	33,905	279,089
Loss for the year	—	—	—	—	(12,664)	(12,664)
Total comprehensive income for the year	—	—	—	—	(12,664)	(12,664)
Share-based payments	—	1,851	—	—	—	1,851
Vested shares under the share award scheme	1,295	(1,295)	—	—	—	—
Safety production fund provided	—	—	—	1,670	(1,670)	—
Safety production fund used	—	—	—	(1,255)	1,255	—
At 31 December 2024	<u>236,690</u>	<u>5,305</u>	<u>2,940</u>	<u>2,515</u>	<u>20,826</u>	<u>268,276</u>
	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Safety production fund	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	236,690	5,305	2,940	2,515	20,826	268,276
Profit for the period	—	—	—	—	8,599	8,599
Total comprehensive income for the period	—	—	—	—	8,599	8,599
Share-based payments	—	321	—	—	—	321
Safety production fund provided	—	—	—	850	(850)	—
Safety production fund used	—	—	—	(1,171)	1,171	—
Transfer from retained profits	—	—	—	—	—	—
At 30 June 2025	<u>236,690</u>	<u>5,626</u>	<u>2,940</u>	<u>2,194</u>	<u>29,746</u>	<u>277,196</u>

31. SHARE-BASED PAYMENTS

Share Award Scheme

The Group adopted a share award scheme (the “**Share Award Scheme**”) for certain employees of the Group (“**Share Incentive Participants**”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Changzhou Hongzhi Investment Partnership (Limited Partnership) was established and designated as a share incentive platform to hold the shares contributed by certain shareholders of the Company specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platform.

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On 31 January 2019, the Group granted 189,753 share awards of the Company to 16 eligible employees at nil subscription price. The granted share awards were initially subject to a five-year service condition. However, on 10 December 2020, the vesting conditions were modified to include both a [REDACTED] condition (the “[REDACTED] Condition”) and a five-year service condition. The [REDACTED] Condition will be satisfied when the ordinary shares of the Company are successfully [REDACTED] on a recognised stock exchange for 36 months. Upon satisfying these conditions, the share awards will vest annually over three years, with 60%, 20%, and 20% allocated each year. As the modification was unfavorable to the Share Incentive Participants, the share-based payment expenses continue to be amortised over the original five-year service period.

Separately, on 31 December 2020, the Group granted 95,104 share awards of the Company to 4 eligible employees, also at nil subscription price, under the same revised vesting conditions as the shares granted on 31 January 2019.

The fair values of the share awards granted on 31 January 2019 and 31 December 2020 were estimated at RMB55.87 and RMB187.34 per share awards, respectively. The fair values of the share award at the grant date were estimated using the most recent transaction method which was based on the transaction price of underlying ordinary shares being [REDACTED] by new [REDACTED], taking into account the impact of preferential rights (e.g. anti-diluted provisions and liquidation preferences) stipulated in the investment terms on the fair value.

Pursuant to the Board Resolution dated 10 September 2024, 12,959 restricted share awards have been granted special exemption to be immediately vested and transferable, resulting in an acceleration of share-based payment expenses amounting to RMB410,000, which was recognised in profit or loss.

The following share awards were outstanding under the Share Award Scheme:

	Number of share awards
At 1 January 2022, 31 December 2022 and 1 January 2023	284,857
Forfeited during the year	(59,161)
At 31 December 2023 and 1 January 2024	225,696
Vested during the year	(12,959)
At 31 December 2024 and 1 January 2025	212,737
Forfeited during the period	(1,787)
At 30 June 2025	210,950

During the years ended 31 December 2022, 2023, and 2024 and the six months ended 30 June 2024 and 2025, the Group recognised net share-based payment expenses of RMB4,446,000, RMB303,000, RMB1,851,000, RMB658,000 and RMB321,000, respectively.

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32. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Machinery and other equipment	114	243	520	1,189

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the six months ended 30 June 2024, the Group settled payables for acquisition of property, plant and equipment and intangible assets by using bills, which are classified originally as bills receivable and debt investments at fair value through other comprehensive income.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Bills receivable	1,276	4,448	4,598	3,337	1,331
Debt investments at fair value through other comprehensive income	1,034	3,021	1,472	661	3,210
Total	2,310	7,469	6,070	3,998	4,541

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Interest-bearing bank loans	Lease liabilities
	RMB'000	RMB'000
As at 1 January 2022	–	7,980
Changes from financing cash flows	49,472	(1,028)
Termination	–	(6,881)
Interest expenses charged to profit or loss	528	114
As at 31 December 2022	50,000	185

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Year ended 31 December 2023

	Interest-bearing bank loans	Lease liabilities	Dividends payable
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	50,000	185	3,004
Changes from financing cash flows	(20,205)	(162)	(3,004)
Interest expenses charged to profit or loss	951	4	–
As at 31 December 2023	<u>30,746</u>	<u>27</u>	<u>–</u>

Year ended 31 December 2024

	Interest-bearing bank loans	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	30,746	27
Changes from financing cash flows	8,675	(98)
Discounted bills settled	(746)	–
New leases	–	206
Interest expenses charged to profit or loss	1,325	4
As at 31 December 2024	<u>40,000</u>	<u>139</u>

Six months ended 30 June 2025

	Interest-bearing bank loans	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	40,000	139
Changes from financing cash flows	3,609	(55)
Interest expenses charged to profit or loss	397	2
Exchange realignment	–	6
As at 30 June 2025	<u>44,006</u>	<u>92</u>

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Six months ended 30 June 2024 (unaudited)

	Interest-bearing bank loans	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	30,746	27
Changes from financing cash flows (unaudited)	29,309	(44)
Discounted bills settled (unaudited)	(746)	–
New leases (unaudited)	–	192
Interest expenses charged to profit or loss (unaudited)	691	2
As at 30 June 2024 (unaudited)	<u>60,000</u>	<u>177</u>

(c) **Total cash outflows for leases**

Total cash outflows for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Within operating activities	127	185	214	92	108
Within financing activities	<u>1,028</u>	<u>162</u>	<u>98</u>	<u>44</u>	<u>55</u>
Total	<u>1,155</u>	<u>347</u>	<u>312</u>	<u>136</u>	<u>163</u>

34. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the view that the following individuals and company are related parties that had material transactions or balances with the Group during the Relevant Periods and the six months ended 30 June 2024.

(a) **Names and relationships of related parties**

Name	Relationship
Mr. Zhu Lusheng	One of the controlling shareholders of the Company
Mr. Li Liangjun	One of the controlling shareholders of the Company
Beta Achieve Limited	A shareholder of the Company

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(b) **Bank loans guaranteed by related parties**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Solely guaranteed by Mr. Li Liangjun	20,000	–	10,000	10,000
Jointly guaranteed by Mr. Li Liangjun and Mr. Zhu Lusheng	30,000	30,000	30,000	30,000
Total	50,000	30,000	40,000	40,000

Mr. Li Liangjun and Mr. Zhu Lusheng guaranteed certain bank loans of the Group at nil consideration as at the end of each of the Relevant Periods (note 26 to the Historical Financial Information).

(c) **Outstanding balances with related parties**

Amounts due to related parties

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zhu Lusheng	–	–	–	342
Mr. Li Liangjun	69	65	–	46
Beta Achieve Limited	3,004	–	–	–
Total	3,073	65	–	388

The above balances were the payables for employee reimbursement and were included in “Other payables and accruals” in the consolidated statements of financial position. These balances were unsecured and interest-free with no fixed terms of repayment and will be settled prior to the [REDACTED].

(d) **Compensation of key management personnel of the Group**

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Salaries, allowances and benefits in kind	2,592	2,592	3,228	1,614	1,614
Performance related bonuses	411	607	743	371	940
Pension scheme contributions	423	283	254	236	128
Share-based payment expenses	1,339	1,339	702	361	421
Total	4,765	4,821	4,927	2,582	3,103

Further details of directors’ and supervisors’ emoluments are included in note 8 to the Historical Financial Information.

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35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value:				
Financial assets at FVTPL	20,723	3,844	–	30,000
Debt investments at fair value through other comprehensive income	13,897	6,823	19,133	19,299
Financial assets at amortised cost:				
Trade and bills receivables	74,983	101,060	113,940	142,061
Financial assets included in prepayments, other receivables and other assets	3,898	3,216	1,409	2,075
Restricted bank deposits	989	–	1,406	925
Cash and cash equivalents	188,501	162,374	154,272	136,512
Total	302,991	277,317	290,160	330,872

Financial liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost:				
Trade and bills payables	129,942	115,870	111,079	222,941
Financial liabilities included in other payables and accruals	38,929	23,778	12,124	17,983
Lease liabilities	185	27	139	92
Interest-bearing bank loans	50,000	30,746	40,000	44,006
Total	219,056	170,421	163,342	285,022

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36. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

		As at 31 December			As at 30 June
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Gross amounts of assets that continued to be recognised:					
Discounted bills	a	–	746	–	4,006
Endorsed bills	b	10,744	6,475	11,755	12,677
Total		10,744	7,221	11,755	16,683

(a) Discounted Bills

At 31 December 2023 and 30 June 2025, the Group discounted certain bills receivable in Chinese Mainland (the “**Discounted Bills**”) with carrying amounts of RMB746,000 and RMB4,006,000 to certain local banks. The Discounted Bills had a maturity of 1 to 4 months at 31 December 2023 and 30 June 2025, respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Discounted Bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, it continued to recognise the carrying amounts of the Discounted Bills and the respective bank loans (the carrying amounts of the Discounted Bills net of the discount interest). Subsequent to the discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amounts of the bank loans recognised due to the Discounted Bills were RMB746,000 and RMB4,006,000 as at 31 December 2023 and 30 June 2025, respectively.

(b) Endorsed Bills

At 31 December 2022, 2023 and 2024, and 30 June 2025, the Group endorsed certain bills receivable in Chinese Mainland (the “**Endorsed Bills**”) with carrying amounts of RMB10,744,000, RMB6,475,000, RMB11,755,000 and RMB12,677,000, respectively, to certain of its suppliers in order to settle the trade payables and other payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables and other payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables and other payables settled by the Endorsed Bills during the year/period to which the suppliers have recourse were RMB10,744,000, RMB6,475,000, RMB11,755,000 and RMB12,677,000 as at 31 December 2022, 2023 and 2024, and 30 June 2025, respectively.

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Transferred financial assets that are derecognised in their entirety

At 31 December 2022, 2023 and 2024, and 30 June 2025, the Group endorsed certain bills receivable in Chinese Mainland (the “**Derecognised Bills**”) to certain of its suppliers in order to settle the trade payables and other payables due to such suppliers with carrying amounts in aggregate of RMB27,499,000, RMB28,588,000, RMB29,854,000 and RMB7,246,000, respectively. The Derecognised Bills had a maturity of 1 to 6 months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables and other payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, the Group had not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods or cumulatively. The endorsement had been made evenly throughout the Relevant Periods.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

As at 31 December 2022, 2023 and 2024, and 30 June 2025, management assessed that the fair values of the Group’s financial instruments approximated to their respective carrying amounts due to the short-term maturities of these financial instruments.

The Group’s finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets at FVTPL and debt investments at fair value through other comprehensive income have been estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement hierarchy of the Group’s financial assets at FVTPL and debt investments at fair value through other comprehensive income required significant observable inputs (Level 2) as at 31 December 2022, 2023 and 2024 and 30 June 2025.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank loans, financial assets at FVTPL, debt investments at fair value through other comprehensive income, 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 and bills receivables, and trade and bills payables, which arise directly from its operations.

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The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s loss/profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	<u>Increase/(decrease) in rate</u>	<u>Increase/(decrease) in profit before tax</u>
	%	RMB’000
Year ended 31 December 2022		
If the RMB weakens against the USD	5	47
If the RMB strengthens against the USD	(5)	(47)
Year ended 31 December 2023		
If the RMB weakens against the USD	5	584
If the RMB strengthens against the USD	(5)	(584)
Year ended 31 December 2024		
If the RMB weakens against the USD	5	1,253
If the RMB strengthens against the USD	(5)	(1,253)
Six months ended 30 June 2025		
If the RMB weakens against the USD	5	1,506
If the RMB strengthens against the USD	(5)	(1,506)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant. The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

Maximum exposure and year/period-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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ACCOUNTANTS’ REPORT

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*	–	–	–	60,298	60,298
Bills receivable	16,652	–	–	–	16,652
Financial assets included in prepayments, other receivables and other assets**	3,903	–	–	–	3,903
Debt investments at fair value through other comprehensive income	13,897	–	–	–	13,897
Restricted bank deposits	989	–	–	–	989
Cash and cash equivalents	188,501	–	–	–	188,501
Total	223,942	–	–	60,298	284,240

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*	–	–	–	91,922	91,922
Bills receivable	14,016	–	–	–	14,016
Financial assets included in prepayments, other receivables and other assets**	3,214	20	–	–	3,234
Debt investments at fair value through other comprehensive income	6,823	–	–	–	6,823
Cash and cash equivalents	162,374	–	–	–	162,374
Total	186,427	20	–	91,922	278,369

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ACCOUNTANTS’ REPORT

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*	–	–	–	95,943	95,943
Bills receivable	27,502	–	–	–	27,502
Financial assets included in prepayments, other receivables and other assets**	1,439	20	–	–	1,459
Debt investments at fair value through other comprehensive income	19,133	–	–	–	19,133
Restricted bank deposits	1,406	–	–	–	1,406
Cash and cash equivalents	154,272	–	–	–	154,272
Total	203,752	20	–	95,943	299,715

At 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	111,918	111,918
Bills receivable	42,477	–	–	–	42,477
Financial assets included in prepayments, other receivables and other assets**	2,080	–	20	–	2,100
Debt investments at fair value through other comprehensive income	19,299	–	–	–	19,299
Restricted bank deposits	925	–	–	–	925
Cash and cash equivalents	136,512	–	–	–	136,512
Total	201,293	–	20	111,918	313,231

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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ACCOUNTANTS’ REPORT

Liquidity risk

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and lease liabilities. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group’s financial liabilities and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

As at 31 December 2022

	Less than 12 months or on demand	1 to 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	129,942	–	129,942
Financial liabilities included in other payables and accruals	38,929	–	38,929
Interest-bearing bank loans	50,722	–	50,722
Lease liabilities	162	27	189
Total	219,755	27	219,782

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	115,870	–	115,870
Financial liabilities included in other payables and accruals	23,778	–	23,778
Interest-bearing bank loans	31,348	–	31,348
Lease liabilities	27	–	27
Total	171,023	–	171,023

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As at 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	111,079	–	111,079
Financial liabilities included in other payables and accruals	12,124	–	12,124
Interest-bearing bank loans	40,311	–	40,311
Lease liabilities	112	37	149
Total	163,626	37	163,663

As at 30 June 2025

	Less than 12 months or on demand	1 to 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and bills payables	222,941	–	222,941
Financial liabilities included in other payables and accruals	17,983	–	17,983
Interest-bearing bank loans	44,653	–	44,653
Lease liabilities	93	–	93
Total	285,670	–	285,670

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or [REDACTED] new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

APPENDIX I

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The Group monitors capital using an asset-liability ratio, which is total assets divided by total liabilities. The asset-liability ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Total liabilities (<i>RMB’000</i>)	234,607	188,151	188,008	304,907
Total assets (<i>RMB’000</i>)	556,650	512,185	501,064	626,781
Asset-liability ratio	42%	37%	38%	49%

39. EVENTS AFTER THE REPORTING PERIOD

Share Subscription Rights Scheme

On 7 November 2025, the Company approved the establishment of another share award scheme (the “**Share Subscription Rights Scheme**”) to motivate management and employees. Pursuant to the Share Subscription Rights Scheme, eligible participants shall have the right to subscribe for up to 31.6081% of the share units in Changzhou Hongzhi owned by Mr. Zhu Lusheng, equivalent to 1,110,823 ordinary shares of the Company, at nil subscription price when vesting conditions are fulfilled.

The Share Subscription Rights Scheme spans 10 years, with 3 to 5 years for performance evaluation period, and the remaining years for subscription window period. The vesting of the share subscription rights will only take place after the [REDACTED] and would not increase the number of shares of the Company.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its companies now comprising the Group in respect of any period subsequent to 30 June 2025.

APPENDIX IIA

**UNAUDITED [REDACTED] FINANCIAL
INFORMATION**

[REDACTED]

APPENDIX IIA

**UNAUDITED [REDACTED] FINANCIAL
INFORMATION**

[REDACTED]

APPENDIX IIA

**UNAUDITED [REDACTED] FINANCIAL
INFORMATION**

[REDACTED]

APPENDIX IIA

**UNAUDITED [REDACTED] FINANCIAL
INFORMATION**

[REDACTED]

APPENDIX IIA

**UNAUDITED [REDACTED] FINANCIAL
INFORMATION**

[REDACTED]

APPENDIX IIB

[REDACTED]

[REDACTED]

APPENDIX III

SUMMARY OF ARTICLES OF ASSOCIATION

The Articles of Association, which is adopted by the shareholders in the general meeting held on November 7, 2025, will become effective on the date that the H shares of the Company are [REDACTED] on the Stock Exchange. The primary purpose of this appendix is to provide [REDACTED] with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by [REDACTED].

1. DIRECTORS AND BOARD OF DIRECTORS

(1) Power to allocate and issue shares

The Articles of Association provide that the shareholders may authorize the board of directors through a general mandate at a general meeting to allocate or issue shares of no more than 20% of all outstanding H shares. The board of directors shall prepare suggestions for share allotment or issue, which are subject to approval by the shareholders at the general meeting in the form of a special resolution.

Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

(2) Power to dispose assets of the Company or any subsidiary

The sale of substantial assets that exceeds 30% of total assets of the latest audited financial statement are subject to approval by the shareholders at the general meeting in the form of a special resolution. The boards of directors may decide on the disposal of assets of the Company as authorized by the shareholders in a general meeting.

(3) Emoluments or compensation for directors’ loss of office

There is no provision in the Articles of Association regarding the provision of emoluments or compensation to the directors for their loss of office.

(4) Loans to directors

There is no provision in the Articles of Association regarding the provision of loans to the directors.

(5) Provide financial assistance for acquiring the shares of the Company

The Company or its subsidiaries (including affiliates of the Company) shall not provide any financial assistance in the form of gifts, advances, or loans for the acquisition of the Company’s or its parent company’s shares by third parties, except for employee shareholding schemes.

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SUMMARY OF ARTICLES OF ASSOCIATION

The Company may provide financial assistance for the acquisition of the Company’s or its parent company’s shares by third parties provided that such financial assistance is for the benefit of the Company and has been duly approved either by a resolution of shareholders in general meeting or by a resolution of the board of directors acting pursuant to authority granted under the Articles of Association or by shareholders. The aggregate amount of any such financial assistance shall in no event exceed 10% of the Company’s total issued share capital. Any resolution of the board of directors approving such financial assistance must be passed by a super majority of not less than two-thirds of all directors then in office.

(6) Disclosure of interests in contracts with the Company and/or its affiliates

No director shall, without prior disclosure to and approval by either the board of directors or the general meeting in accordance with the Articles of Association, directly or indirectly enter into any contract or transaction with the Company.

(7) Remuneration

The remuneration of directors shall be approved by the shareholders at the general meeting in the form of an ordinary resolution.

(8) Appointment, Resignation and Dismissal

The board of directors consists of nine directors, including three executive directors, three non-executive directors, and three independent non-executive directors.

Directors are elected or replaced by the general meeting. The general meeting may remove any director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract, provided that such removal is in compliance with relevant laws and regulations.

The board of directors has one chairman. The chairman of the board shall be elected and dismissed by a vote of more than one half of the directors.

The term of office of a director shall be calculated from the date of assumption of office until the expiration of the current term of office of the board of directors, which is a three-year term. Upon expiration of the term, the director may be re-elected in accordance with the relevant regulatory rules where the Company’s shares are listed.

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SUMMARY OF ARTICLES OF ASSOCIATION

In the event a director is not re-elected in time for the expiration of his/her term of office, or if a director resigns during his/her term of office, resulting in the number of the board of directors being less than the minimum number required by law, before the re-elected director assumes his/her office, the original director shall still perform the duties of a director in accordance with the provisions stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

In the event a director resigns, the director shall notify the Company in writing, and the resignation shall take effect on the date the Company receives the notification; however, if the circumstances set forth in the preceding paragraph exist, the director shall continue to perform the duties.

None of the following persons shall serve as our director:

- i. A person who has no civil capacity or has limited civil capacity;
- ii. A person who has been imposed penalty for the offense of corruption, bribery, embezzlement, larceny, disrupting the socialist economic order or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence; in the case of a probation, less than two years have elapsed since the date of expiration of the probationary period;
- iii. A person who is a former director, factory manager or general manager of a company or enterprise that is bankrupt and liquidated because of poor operation, was personally liable for the bankruptcy of such company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of such company or enterprise;
- iv. A person who has served as the legal representative of a company or enterprise whose business license was revoked or was ordered to close due to violation of laws, was personally liable, and is within three years of the date on which the business license of such company or enterprise was revoked;
- v. a person listed by the people's court as dishonest judgment debtors, who has a relatively large sum of debt, which was not paid at maturity;
- vi. a person who is prohibited by relevant securities regulator from entering into the securities market and is still in such prohibition period; or
- vii. a person who has been publicly determined by the stock exchange to be not suitable to serve as a director or senior management of a listed company, and the period has not elapsed; or

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- viii. Any other person who is otherwise not eligible under laws, administrative regulations, regulations of the authorities, regulatory documents and other conditions set out by the Listing Rules.

The election, appointment or engagement of a director shall be invalid if such election, appointment or engagement violates the above-mentioned provisions. If a director falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by the Company.

(9) Borrowing powers

The Articles of Association do not contain any specific provisions regarding directors' power of borrowing money.

The board of directors shall be entitled to develop proposals for the Company to issue bonds and to list its Shares, and that such bond issues must be approved by the shareholders by a special resolution at the general meeting.

2. MODIFICATION OF THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

In the event that the amendments to the Articles of Association passed by a general meeting need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3. MODIFICATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

There are no provisions for modification of rights in respect of existing shares or classes of shares in the Articles of Association.

4. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE

The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of shareholders) attending the general meeting.

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SUMMARY OF ARTICLES OF ASSOCIATION

5. VOTING RIGHTS

When shareholders (including proxies) vote at the general meeting, they exercise their voting rights based on the number of voting shares they represent, and each share has one voting right.

The shares held by the Company itself shall have no voting right and shall not be counted in the total number of voting shares at the general meeting.

Any shareholder who is required by the Listing Rules to abstain from voting on a matter or is limited to an affirmative or negative vote shall abstain from voting or be required to so vote; any vote cast by or on behalf of relevant shareholder which is cast in violation of such requirement or restriction shall not be counted in the voting result.

6. RULES ON ANNUAL GENERAL MEETINGS

The general meetings are divided into an annual general meeting and an extraordinary general meeting. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

7. ACCOUNTS AND AUDITS

(1) Financial and accounting policies

The Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department.

The Company shall publish the financial reports twice in each accounting year. Interim financial reports shall be published within 2 months of the end of the first six months of a fiscal year, while the annual financial report shall be published within 4 months of the end of each accounting year.

(2) Appointment and Dismissal of Accountants

The Company shall engage a reputable accounting firm that meets appropriate requirements of the relevant laws, regulations and regulatory requirements to be responsible for auditing its annual financial report, conduct accounting statement audit, net asset verification and other related consulting services, and the term of service shall be one year, which is renewable upon expiry of the term.

The appointment and removal of an accounting firm providing regular audit services to the Company shall be determined by ordinary resolution of the shareholders in general meeting.

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SUMMARY OF ARTICLES OF ASSOCIATION

Prior to the removal or the non-reappointment of an accounting firm, notice of such removal or non-reappointment shall be given to the firm concerned 30 days in advance and such firm shall be entitled to make representation at the general meeting when voting on the dismissal of such firm at the general meeting.

In the event the accounting firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

If the position of an appointed accounting firm is vacant, the board of directors may appoint an accounting firm before the start of general meeting. However, if during the vacant period, the Company has other incumbent accounting firm, such accounting firm may take the vacant.

8. NOTICE AND AGENDA OF GENERAL MEETINGS

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months:

- i. The number of directors is less than the number specified in the Company Law or less than two thirds of the number required in the Articles of Association;
- ii. The uncovered losses of the Company reach one-third of its total paid-in registered capital;
- iii. The shareholders with 10% or more shares of the Company (including preference shares with restored voting rights) separately or jointly request to convene an extraordinary general meeting in writing;
- iv. The board of directors considers it necessary;
- v. The audit committee makes such proposal;
- vi. Any other circumstances stipulated in laws, regulations, the Listing Rules, the Articles of Association.

In the event that the general meeting is convened, the board of directors, the audit committee and shareholders who separately or jointly hold more than 1% of the shares of the Company (including preference shares with restored voting rights) may submit a proposal.

When convening an annual general meeting, the Company shall notify shareholders by announcement 21 days before it is convened. When convening an extraordinary general meeting, the Company shall send a written notice 15 days before it is convened.

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The notice of the general meeting shall be made in writing, including the following contents:

- i. The place, and the date of the meeting;
- ii. The matters and proposals to be discussed at the meeting;
- iii. Conspicuous statement that all shareholders are entitled to attend the meeting and appoint proxy to attend and vote and that proxy need not be a shareholder;
- iv. The date of shareholding registration for the shareholders who are entitled to attend the meeting;
- v. The name and telephone number of the contact person for the meeting;
- vi. the voting time and voting procedure for internet or other alternative voting methods;
- vii. other requirements stipulated by laws, administrative regulations, department rules, Listing Rules or these Articles of Association.

The notice of general meeting and any supplementary notice shall contain full and complete disclosure of all substantive details of every proposed resolution.

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 remuneration and payment methods;
- iv. Other matters other than those approved by special resolution stipulated in the laws, administrative regulations, Listing Rules or the Articles of Association.

The following matters shall be approved by special resolution at the general meeting:

- i. The increase or decrease of the registered capital;
- ii. Division, split, merger, dissolution and liquidation of the Company;

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- iii. Amendment of the Articles of Association and the schedules, including the Rules of Shareholders’ Meeting and the Rules of Directors’ Meeting;
- iv. Spin-off of the subsidiaries for listing;
- v. Issuance of shares, convertible corporate bonds, preferred shares, and other securities recognized by the CSRC;
- vi. The purchase or sale of material assets of the Company or provision of guarantees to others by the Company within one year exceeding 30% of the latest audited total assets of the Company;
- vii. The repurchase of shares to reduce registered capital;
- viii. Substantial asset restructuring;
- ix. Share incentive scheme;
- x. Other matters recognized by ordinary resolution of the general meeting that could materially affect the Company and need to be approved by special resolution or as required by the laws, administrative regulations, Listing Rules, the Articles of Association or the securities regulatory rules in the place where the Company’s shares are listed and the relevant regulatory authorities’ requirements;

In the event that any resolution of the general meeting or resolution of the board of directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

In the event that the convening procedure or voting formula of the general meeting or meeting of the board of directors violates any of laws, administrative regulations or the Articles of Association, or the content of resolution violates the Articles of Association, any shareholder is entitled to request the court to revoke the relevant resolution within 60 days after the resolution was adopted, unless there is only a minor defect in the procedures for convening a general meeting or a meeting of the board of directors or in the manner of voting, which does not materially affect the resolution.

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SUMMARY OF ARTICLES OF ASSOCIATION

9. SHARES TRANSFERS

The shares issued before the public issuance of shares by the Company shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a stock exchange.

The directors and senior managements of the Company shall declare, to the Company, information on their holdings of the shares of the Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25% of the total shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year of the date on which the stocks of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer their shares of the Company within six months from the date of their resignation.

In the event the laws, administrative regulations, Listing Rules, securities regulatory authorities in the place where the Company’s shares are listed and CSRC (if applicable) have any other provisions on the transfer restrictions of H shares or the transfer of shares held by shareholders of the company, such provisions shall prevail.

10. POWERS OF OUR COMPANY TO REPURCHASE ITS SHARES

The Company shall not repurchase its shares except under any of the following circumstances provided that such repurchase does not violate laws, regulations, the Listing Rules, and the Articles of Association:

- i. Reduce the Company’s registered capital;
- ii. Merger with other companies which hold our shares;
- iii. Granting shares to the staff of the Company as incentives;
- iv. Requesting the Company to buy back its shares from shareholders who vote against any resolution adopted at the general meeting concerning the merger and division of the Company;
- v. To convert shares into bond issued by the Company which is convertible to stock of the Company;
- vi. Necessary for the Company to maintain the Company’s value and shareholders’ interests;
- vii. Other circumstances permitted by laws, administrative regulations, the securities regulatory rules in the place where the Company’s shares are listed and the relevant regulatory authorities.

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11. POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT COMPANY

There are no provisions in the Articles of Association relating to ownership by subsidiary of the Company of shares in its parent.

12. DIVIDEND AND OTHER DISTRIBUTION METHODS

The Company may distribute dividends in the manner of cash or stock.

The board of directors of the Company shall complete the distribution of dividends (or shares) within two months after the general meeting has passed a resolution on the profit distribution plan, or upon the formulation of a specific plan by the board of directors in accordance with the conditions and ceiling for interim dividends in the following year approved at the annual general meeting.

13. SHAREHOLDER PROXIES

Shareholders may attend the general meeting in person or authorize a representative, who is not a shareholder, to attend and vote on their behalf.

Any proxy statement issued by a Shareholder who authorizes a proxy to attend the general meeting on his/her behalf shall include the following details:

- i. the name or title of the appointer, class and number of the company shares held;
- ii. the name or title of the proxy;
- iii. the shareholder's specific instructions, including respective instructions on for, against or abstention voting on each item for deliberation listed in the general meeting agenda;
- iv. the issuance date and valid period of the proxy statement;
- v. the signature (or seal) of the appointer. Where the appointer is a corporate shareholder, the corporate seal of the legal entity shall be affixed.

14. CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association regarding the calls on shares and forfeiture of shares.

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15. INSPECTION OF THE REGISTER OF SHAREHOLDERS

The Company establishes the register of Shareholders according to the certificate provided by the securities registration authority. The register of Shareholders is sufficient evidence to prove that the Shareholders hold the Company’s shares. Shareholders enjoy rights and assume obligations according to the type and number of shares they hold.

Shareholders holding the same type of Shares shall enjoy the same rights and undertake the same obligations.

The original register of the shareholders of the H Shares listed in Hong Kong shall be kept in Hong Kong.

When the Company convenes the general meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the board of directors shall fix a date as the equity registration date, upon expiration of which the shareholders whose names registered on the register of shareholders shall be the shareholders entitled to relevant equity.

16. QUORUM FOR GENERAL MEETINGS

There are no provisions in the Articles of Association regarding the quorum for general meetings.

17. RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION

If any director or senior management (other than a member of the Audit Committee) violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 consecutive days shall have the right to request the Audit Committee in writing to institute legal proceedings at the People’s Court; if the member of the Audit Committee violates laws, administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, the aforementioned Shareholders shall have the right to request the board of directors in writing to institute legal proceedings at the People’s Court.

If the Audit Committee or the board of directors refuses to institute legal proceedings after receipt of the aforesaid written request or fails to institute legal proceedings within 30 days after receipt of the aforesaid written request, or if under urgent circumstances that any delay of legal proceedings may cause irrecoverable damages to the interests of the Company, the Shareholders specified above shall have the right to directly institute legal proceedings at the People’s Court in their own names for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the Shareholders specified in paragraph 1 may institute legal proceedings at the People’s Court pursuant to the preceding provisions.

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Where a director, supervisor or senior management of a wholly-owned subsidiary of the Company violates laws and administrative regulations or the Articles of Association in fulfilling his/her duties, thereby causing any loss to the Company, or where a third party infringes upon the lawful rights and interests of such wholly-owned subsidiary thereby causing losses, any shareholders who individually or jointly holding no less than 1% of the Company’s shares for no less than 180 consecutive days shall have the right to submit a written request to the board of Supervisors or the board of directors of the wholly-owned subsidiary to initiate legal proceedings with the People’s Court in accordance with the relevant provisions of the Corporate Law or directly initiate legal proceedings with the People’s Court in their own name.

If a wholly-owned subsidiary of the Company does not set up a board of supervisors or does not have a supervisor, and sets up an Audit Committee instead, the relevant procedure specified in paragraph 1 and 2 above shall be followed.

If any director or senior management violates the laws, administrative regulations or the Articles of Association, thereby causing any loss to the Shareholders’ interests, the Shareholders may institute legal proceedings at the People’s Court.

18. LIQUIDATION PROCEDURES

The Company shall be dissolved under any of the following circumstances:

- (i) the expiration of the business period as stipulated in the Articles of Association or the occurrence of other grounds for dissolution as stipulated in the Articles of Association;
- (ii) the general meeting resolves to dissolve the Company;
- (iii) dissolution is necessary as a result of the merger or division of the Company;
- (iv) the business license of the Company is revoked, or the Company is ordered to be closed down, or it is deregistered according to law; and
- (v) the Company is confronted with serious difficulties in operation and management, and its continued existence may cause material loss to the interests of its shareholders, and the difficulties cannot be resolved through other means, in which case the Shareholders holding 10% or more of the voting rights held by all the Shareholders of the Company may request a People’s Court to dissolve the Company.

Where any ground for dissolution as specified in the preceding paragraph arises in respect of the Company, the Company shall within 10 days publish such ground for dissolution via the National Enterprise Credit Information Publicity System.

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Where the Company is to be dissolved pursuant to items (1), (2), (4) or (5) above, it shall undergo liquidation. Directors shall act as the liquidation obligor and establish a liquidation committee within 15 days from the date when the event of dissolution occurs. The members of the liquidation committee shall be composed of the directors or the personnel appointed by the general meeting.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days from the publication if any such creditor has not received the notice.

After identifying the Company’s assets and preparing the balance sheet and schedule of assets, the liquidation committee shall formulate a liquidation plan and submit it to the general meeting or the People’s Court for confirmation.

Upon completion of the company’s liquidation, the liquidation committee shall prepare a liquidation report, submit it to the general meeting or the People’s Court for confirmation, and file it with the company registry to apply for deregistration of the company.

19. OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR SHAREHOLDERS

(1) General Provisions

The Company is a permanently existing joint stock limited company.

According to the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a director, or the senior management, any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, director or the senior management.

(2) Capital increase and capital reduction

The Company may increase stock capital by the following means in accordance with laws, regulations, the securities regulatory rules in the place where the Company’s shares are listed and the relevant regulatory authorities’ requirements, subject to the approval by the general meeting, for management and operation needs:

- i. Issuing shares in a public offering;
- ii. Issuing shares via a private placement;
- iii. Giving bonus shares to existing shareholders;

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- iv. Converting reserve funds into shares; and
- v. Other means approved by the laws, administrative regulations, departmental rules and relevant regulatory authorities where the Company’s shares are listed and the CSRC (if necessary).

The issuance of new shares by the Company for capital increase shall be conducted according to the procedures prescribed by the relevant laws, regulations and the listing rules of the securities regulatory authority where the Company’s shares are listed, following approval in accordance with the Articles of Association and the Listing Rules.

The Company may decrease our registered capital and shall comply with the procedures stipulated in Company Law of the PRC, the Listing Rules, other relevant regulations and the Articles of Association.

(3) Shareholders

Shareholder is entitled to rights and assumes obligations pursuant to the classification of his or her shares. Shareholder holding the same classified share has the same rights and assumes the same obligations.

The rights of our ordinary 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, convene, preside over, participate in or authorize proxies of shareholders to participate in and exercise corresponding voting rights at the general meeting, except where shareholders are required to abstain from voting on relevant matters pursuant to the securities regulatory rules of the jurisdiction where the company’s shares are listed;
- iii. To supervise and manage business and operational activities of the Company, and to provide suggestions or submit queries;
- iv. To transfer, grant or pledge the Company’s shares he/she held according to the provisions of the laws, administrative regulations, regulatory rules where the Company’s shares are listed and the Articles of Association;

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- v. To obtain relevant information according to laws, regulations and the provisions of the Articles of Association, including reading and copying the Articles of Association, register of shareholders, minutes of general meetings, resolutions of meetings of the board of directors; eligible Shareholders may inspect the accounting books and accounting vouchers. However, if the company has reasonable basis to believe that the shareholder’s inspection of the accounting books and vouchers is for improper purposes and may harm the company’s legitimate interests, it may refuse to provide access. In such cases, the company shall provide a written response to the shareholder explaining the reasons;
- vi. To participate in the distribution of residual properties of the company in proportion to the number of shares held in the event of the termination or liquidation of the Company;
- vii. To request the Company to buy back their shares as dissenting 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, departmental rules, the Listing Rules, the securities regulatory rules in the place where the Company’s shares are listed, and the Articles of Association.

(5) The board of directors

The board of directors is responsible to the general meeting.

The board of directors exercises the following powers:

- i. To convene the general meeting and report on its work to the general meeting;
- ii. Implement the resolutions of the general meeting;
- iii. Determine the business and investment plans of the Company;
- iv. Formulate the earnings distribution and loss offset plans of the Company;
- v. Formulate the proposals for increasing or decreasing the Company’s registered capital, issuance of corporate bonds or other securities and the listing plan of the Company;
- vi. Prepare plans for major acquisition, stocks buy-back, corporate merger, separation, dissolution and change corporate form of the Company;

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- vii. Determine, in accordance with the Articles of Association or within the scope authorized by the general meeting, such matters as the Company’s external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted management of finance, related-party transactions and external donations;
- viii. Decide on the setup of the Company’s internal management organization;
- ix. Appoint or dismiss the general manager, secretary of the board, and other senior managers of the Company; based on the nomination of the general manager, appoint or dismiss senior managements of the Company such as deputy general manager, Chief financial officer (CFO) and other senior managers and determine their remuneration, reward and disciplinary matters;
- x. Formulate the basic internal management systems of the Company;
- xi. Formulate the modification plan to the Articles of Association;
- xii. Managing the information disclosure of the Company;
- xiii. Make proposals to the general meeting on the appointment or replacement of the accounting firm that provides audit services to the Company;
- xiv. Listen to work report of general manager and inspect the general manager’s work;
- xv. Formulate and implement share incentive plan of the Company;
- xvi. Approve transactions required by laws, regulations, the Listing Rules, securities regulatory rules in the place where the Company’s shares are listed, relevant regulatory authorities’ requirements and the Articles of Association to be approved by the Board of Directors; and
- xvii. Other powers and duties authorized by the laws, administrative regulations, regulations of the authorities, the Listing Rules, securities regulatory rules in the place where the Company’s shares are listed, relevant regulatory authorities’ requirements and the Articles of Association.

Board meeting shall be held only if more than one half of the directors are present. Unless otherwise provided in the Articles of Association, resolutions of the board of directors shall be passed by a simple majority of all directors.

The board of directors of the Company shall give an explanation to the general meeting on the non-standard audit report issued by the certified public accountants on the financial reports of the Company.

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(6) Independent non-executive Director

The board of directors of the Company has three independent non-executive Directors. At least one independent non-executive Director shall have applicable professional qualification or is equipped with applicable accounting or relevant financial management expertise.

(7) Secretary of the board of directors

The Secretary of the board of directors, as a senior management officer of the Company, shall be responsible for organizing the shareholders’ general meetings and board meetings, maintaining corporate records, managing shareholder information, and handling disclosure matters, while complying with all applicable laws, administrative regulations, departmental rules, the Listing Rules, and the provisions of these Articles of Association. The Company has one secretary of the board of directors.

(8) Audit committee

The Company shall set up an audit committee.

The audit committee consists of three directors.

The audit committee shall consist of non-executive directors who are not senior managements of the company, among them there are two independent directors, and an accounting professional among these two independent directors shall act as the convener.

The audit committee shall be responsible for review of the company’s financial information and disclosure thereof, supervision and evaluation of internal and external audit work and internal control. The following matters shall, upon consent by more than half of all the members of the audit committee, be present to board meeting for deliberation:

- i. Disclosure of financial information in financial accounting reports and periodic reports, internal control evaluation report;
- ii. Engagement or dismissal of accounting firm which undertakes audit business of a listed company;
- iii. Engagement or dismissal of the financial controller of a listed company;
- iv. Change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards; and
- v. Any other matters stipulated by laws, administrative regulations, the CSRC and the articles of association.

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(9) General manager

The Company has 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. Be in charge of the producing and operational management of the Company, organize the implement of resolutions of the board of directors and report to the board of directors on his/her work;
- ii. Organize the implementation of the Company's annual operation plans and investment schemes;
- iii. Formulate the plans for establishment of the Company's internal management organization;
- iv. Formulate the fundamental management policies of the Company;
- v. Formulate the specific management regulations and rules of the Company;
- vi. Propose to the board of directors of engagement or dismissal of the Company's deputy general manager, Chief financial officer and other senior management;
- vii. Decide to engage or dismiss other managements except those who shall be appointed or dismissed by the board of directors;
- viii. Other responsibilities authorized by the Articles of Association and the board of directors.

(10) Reserve fund

When the annual after-tax profits of the Company are distributed, the Company shall allocate 10% of the profits to the statutory reserve fund of the Company. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

If the Company's statutory reserve fund is insufficient to offset our losses during the previous year, the profits generated during the current year shall be used to cover such losses before allocating the statutory reserve in accordance with the requirements set forth above.

After allocation to the statutory reserve fund from the after-tax profits of the Company, we may also allocate to the discretionary reserves fund from after-tax profits in line with the resolution(s) adopted at the general meeting.

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After the Company has covered for its losses and made allocations to its statutory reserve fund, the remaining profits are distributed in proportion to the number of shares held by the shareholders, unless otherwise specified by the Articles of Association.

If the general meeting violates the above provisions and profits are distributed to the shareholders, the profits distributed in violation of the provisions shall be returned by such shareholders to the Company. If the Company suffers losses, the shareholders and responsible directors, senior managements shall be liable for compensation.

The shares held by the Company itself shall not be subject to profit distribution.

The Company’s reserve fund shall be used to offset losses of the Company, expanding the scale of business and operations or for conversion into and increase our capital.

Where reserve fund is used to offset loss of the Company, the discretionary reserve fund and statutory reserve fund shall be firstly used; in the event they are insufficient for offsetting loss, the capital reserve fund may be applied to cover the company’s losses.

Where the statutory reserve fund converts into the registered capital, the remaining statutory reserve shall not be less than 25% of the registered capital of the Company before such conversion.

APPENDIX IV

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A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of Our Company

The Company was established as a limited liability company under the laws of the PRC on September 6, 2012 and was converted into a joint stock company with limited liability on June 30, 2021.

The Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on November 12, 2025, with Ms. Wong Mei Fung Carrie (黃美鳳) appointed as the Hong Kong authorised representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was incorporated in the PRC, its operations 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 III, respectively.

2. Changes in the Share Capital of the Company

Please refer to the section headed “History, Development and Corporate Structure” for changes in the share capital of the Company.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

Details of the changes in the share capital of the Company’s subsidiaries during the two years immediately preceding the date of this document are set out in the section headed “History, Development and Corporate Structure – Our Major Subsidiaries”.

4. Resolutions Passed by Our Shareholders’ General Meeting in Relation to the [REDACTED]

At the extraordinary general meeting of the Shareholders held on November 7, 2025, the following resolutions, among other things, were duly passed:

- (i) the approval of the [REDACTED] to be effective upon completion of the [REDACTED] and the [REDACTED] by the Company of H Shares with a nominal value of RMB[REDACTED] each and such H Shares be [REDACTED] on the Stock Exchange;

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- (ii) the number of H shares to be [REDACTED] shall be no more than [REDACTED]% of the total [REDACTED] share capital upon the [REDACTED] (before the exercise of the [REDACTED]), and the grant of the [REDACTED] in respect of no more than [REDACTED]% of the number of H Shares issued pursuant to the [REDACTED];
- (iii) authorisation of the Board or its authorised individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and [REDACTED] of H Shares on the Stock Exchange; and
- (iv) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED].

5. Restrictions on Repurchase

Please refer to Appendix III and IV to this document for details.

6. Our Subsidiaries

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no person is directly or indirectly interested in 10% or more of the issued voting shares of the subsidiary of the Company.

There has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this document.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contract

The Group has entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

- (a) the [REDACTED].

APPENDIX IV STATUTORY AND GENERAL INFORMATION

2. Intellectual Property

As at the Latest Practicable Date, the following intellectual property rights are material to the Group’s business:

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1.	卡诺普	7	Our Company	PRC	19368113	July 6, 2027
2.	卡诺普	41	Our Company	PRC	34899686	July 13, 2029
3.	卡诺普	37	Our Company	PRC	34901615	July 13, 2029
4.	CROBOTP	9	Our Company	PRC	34917530	July 27, 2029
5.	CROBOTP	7	Our Company	PRC	34908779	October 6, 2029
6.	卡诺普	35	Our Company	PRC	34901588	February 6, 2030
7.	CROBOTP	9	Our Company	PRC	44079852	November 20, 2030
8.	卡诺普	9	Our Company	PRC	44925258	December 6, 2030
9.	CROBOTP	37	Our Company	PRC	44933613	December 6, 2030
10.	CROBOTP	9	Our Company	PRC	44907208	December 13, 2030
11.	CROBOTP	42	Our Company	PRC	44929915	December 13, 2030
12.	CROBOTP	41	Our Company	PRC	44914671	December 13, 2030

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
13.		35	Our Company	PRC	45877093	December 27, 2030
14.		7	Our Company	PRC	44932211	December 27, 2030
15.	卡诺普	9	Our Company	PRC	44073269	January 27, 2031
16.	卡诺普	7	Our Company	PRC	44932217	February 13, 2031
17.		9	Our Company	PRC	44925271	March 27, 2031
18.		7	Our Company	PRC	44076435	July 27, 2031
19.	卡诺普	37	Our Company	PRC	53154275	September 6, 2031
20.	卡诺普	41	Our Company	PRC	53134675	September 6, 2031
21.	卡诺普	35	Our Company	PRC	53130597	September 6, 2031
22.	卡诺普	42	Our Company	PRC	53135575	September 6, 2031
23.		7	Our Company	PRC	52578041	September 13, 2031
24.	卡诺普	9	Our Company	PRC	53131633	September 20, 2031
25.	卡诺普	7	Our Company	PRC	44078724	October 6, 2031

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
26.		7	Our Company	PRC	53131613A	November 20, 2031
27.		25	Our Company	PRC	56964998	December 27, 2031
28.		32	Our Company	PRC	56963882	December 27, 2031
29.		32	Our Company	PRC	56967640	January 6, 2032
30.		16	Our Company	PRC	56958574	January 6, 2032
31.		16	Our Company	PRC	56979491	January 6, 2032
32.		25	Our Company	PRC	56976936	January 6, 2032
33.		7	Our Company	PRC	70133851	September 6, 2033
34.		9	Our Company	PRC	70154818	September 20, 2033
35.		9	Our Company	PRC	12191926	August 6, 2034
36.		42	Our Company	PRC	12191941	August 6, 2034
37.		35	Our Company	PRC	77483128	September 20, 2034
38.		9	Our Company	PRC	12458430	September 27, 2034

APPENDIX IV STATUTORY AND GENERAL INFORMATION

As at the Latest Practicable Date, the Group is in the course or registering the following trademarks which are material to its business:

No.	Trademark	Class	Applicant	Place of Application	Application Number	Application Date
1.	澜驱	07	Our Company	PRC	86730662	July 25, 2025
2.	灵烁	09	Our Company	PRC	86727288	July 25, 2025
3.	澜驱	35	Our Company	PRC	86725482	July 25, 2025
4.	灵迅	07	Our Company	PRC	86719800	July 25, 2025
5.	灵烁	07	Our Company	PRC	86719786	July 25, 2025
6.	澜驱	09	Our Company	PRC	86718087	July 25, 2025
7.	灵迅	09	Our Company	PRC	86709354	July 25, 2025

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain names which are material to its business:

No.	Domain Name	Registered Owner	Filing Date
1.	crprobot.com	Our Company	November 2, 2022
2.	kanuopu.com	Our Company	April 15, 2022
3.	kanuopu.cn	Our Company	April 24, 2022

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(c) Patents

As at the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No.	Patent	Type	Patent Holder	Place of Registration	Patent Number	Authorization Date	Duration of Patent Right
1.	Multi-Axis Motion Control Method for Industrial Robots (工業機器人的多軸運動控制方法)	Invention	Our Company	PRC	2012100997054	April 1, 2015	April 9, 2012- April 8, 2032
2.	A method for solving the inverse kinematics of a six-degree-of-freedom serial robot (一種六自由度串聯機器人運動學逆解的求解方法)	Invention	Our Company	PRC	2012101311507	May 6, 2015	April 28, 2012- April 27, 2032
3.	A simple and efficient robot calibration method (一種高效便捷的簡易機器人標定方法)	Invention	Our Company	PRC	2017110702396	February 12, 2021	November 3, 2017- November 2, 2037
4.	Automatic adaptation method for dynamic parameters of a six-axis industrial robot (六軸工業機器人動力學參數自動適應方法)	Invention	Our Company	PRC	2017110857518	November 20, 2020	November 7, 2017- November 6, 2037
5.	A terminal drive structure for an industrial robot wrist drive structure (一種工業機器人手腕傳動結構的末端傳動結構)	Invention	Our Company	PRC	2019103140209	June 11, 2024	April 18, 2019- April 17, 2039
6.	A method for suppressing low-speed creeping in robot joints (一種抑制機器人關節低速爬行的方法)	Invention	Our Company	PRC	2019110663403	August 21, 2020	November 4, 2019- November 3, 2039
7.	A robot friction identification method (一種機器人摩擦力辨識方法)	Invention	Our Company	PRC	2020100068160	November 20, 2020	January 3, 2020- January 2, 2040
8.	An intelligent tube-sheet welding method (一種管板智能焊接方法)	Invention	Our Company	PRC	2020100114099	November 20, 2020	January 6, 2020- January 5, 2040
9.	A method for improving the acquisition speed and accuracy of servo drives based on BISS encoders (基於BISS編碼器提高伺服驅動器採集速度和精度的方法)	Invention	Our Company	PRC	2020103664391	November 20, 2020	April 30, 2020- April 29, 2040
10.	A separate measurement device and identification method for kinematic parameters of a robotic arm (一種機械臂運動學參數分離測量裝置及辨識方法)	Invention	Our Company	PRC	2020108431078	June 1, 2021	August 20, 2020- August 19, 2040

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent Holder	Place of Registration	Patent Number	Authorization Date	Duration of Patent Right
11.	A drive control system for an industrial robot (一種工業機器人的驅動控制系統)	Invention	Our Company	PRC	2020108989648	July 30, 2021	August 31, 2020- August 30, 2040
12.	A consistency compensation method for robotic manipulators (用於機器人機械臂的一致性補償方法)	Invention	Our Company	PRC	2020110612565	October 29, 2021	September 30, 2020- September 29, 2040
13.	A method for improving robot collision force detection accuracy and protection sensitivity (一種提高機器人碰撞力檢測精度及保護靈敏度的方法)	Invention	Our Company	PRC	2020111461914	February 22, 2022	October 23, 2020- October 22, 2040
14.	A multi-layer multi-pass welding method based on an industrial welding robot (一種基於工業焊接機器人的多層多道焊接方法)	Invention	Our Company	PRC	202011146176X	February 22, 2022	October 23, 2020- October 22, 2040
15.	A parameterized cutting method for iron tower angle steel used in robots (一種用於機器人的鐵塔角鋼的參數化切割方法)	Invention	Our Company	PRC	2020112610761	February 22, 2022	November 12, 2020- November 11, 2040
16.	A method for optimizing Joint motion trajectories based on robot dynamics (一種基於機器人動力學的關節運動軌跡優化方法)	Invention	Our Company	PRC	2020113862967	March 5, 2021	December 2, 2020- December 1, 2040
17.	A collaborative robot joint lever control method (一種協作機器人關節槓杆控制方法)	Invention	Our Company	PRC	2020116284723	April 29, 2022	December 30, 2020- December 29, 2040
18.	Parameterized teaching-free welding method for iron tower legs, computer equipment, and storage medium (鐵塔腳的參數化免示教焊接方法、計算機設備、存儲介質)	Invention	Our Company	PRC	2021100197448	April 29, 2022	January 7, 2021- January 6, 2041
19.	Ship-shaped welding realization method for iron tower legs, computer equipment, and storage medium (用於鐵塔腳的船形焊接實現方法、計算機設備、存儲介質)	Invention	Our Company	PRC	2021100188025	April 29, 2022	January 7, 2021- January 6, 2041
20.	A robot trajectory synchronization control method and computer readable storage medium (一種機器人軌跡同步控制方法、計算機可讀存儲介質)	Invention	Our Company	PRC	2021100386971	July 26, 2022	January 12, 2021- January 11, 2041

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Patent Holder	Place of Registration	Patent Number	Authorization Date	Duration of Patent Right
21.	A method for detecting the stability of short-circuit transition welding (一種短路過渡焊接的穩定性檢測方法)	Invention	Our Company	PRC	2021110446536	May 9, 2023	September 7, 2021- September 6, 2041
22.	Control method and automatic control system (控制方法和自動控制系統)	Invention	Our Company	PRC	2021113320455	January 21, 2025	November 11, 2021- November 10, 2041
23.	A force-sensing collaborative robot joint and collaborative robot (一種帶力傳感協作機器人關節及協作機器人)	Invention	Our Company	PRC	2021116767367	June 3, 2025	December 31, 2021- December 30, 2041
24.	Robot joint friction compensation adjustment method, robot friction compensation method (機器人關節摩擦力補償調節方法、機器人摩擦力補償方法)	Invention	Our Company	PRC	2022105816542	May 9, 2023	May 26, 2022- May 25, 2042
25.	Training method and operational state detection method for support vector data description model (支持向量數據描述模型的訓練方法及運行狀態檢測方法)	Invention	Our Company	PRC	2022106536534	October 18, 2024	June 9, 2022- June 8, 2042
26.	An inverse Solution method for a seven-axis robot and the seven-axis robot (一種七軸機器人逆解方法及七軸機器人)	Invention	Our Company	PRC	2022117264425	December 19, 2023	December 30, 2022- December 29, 2042
27.	A dual-encoder structure and robot (一種雙編碼器結構及機器人)	Utility model	Our Company	PRC	2023217478782	February 9, 2024	July 5, 2023- July 4, 2033
28.	A dual-encoder collaborative robot joint (一種雙編碼器協作機器人關節)	Utility model	Our Company	PRC	202323226076X	August 2, 2024	November 27, 2023- November 26, 2033
29.	A humanoid robot joint (一種人型機器人關節)	Utility model	Our Company	PRC	2023231970920	August 2, 2024	November 27, 2023- November 26, 2033
30.	A collaborative robot end flange structure and collaborative robot (一種協作機器人末端法蘭結構及協作機器人)	Utility model	Our Company	PRC	2023236438687	January 21, 2025	December 29, 2023- December 28, 2033

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STATUTORY AND GENERAL INFORMATION

As at the Latest Practicable Date, the Group had applied for registration the following patents which are material to its business:

No.	Patent	Type	Applicant	Place of Registration	Application Number	Application Date
1.	A modular joint for collaborative robots (一種協作機器人模塊化關節)	Invention	Our Company	PRC	CN2020104203848	May 18, 2020
2.	A hollow collaborative robot mechanical arm joint (一種中空型協作機器人機械臂關節)	Invention	Our Company	PRC	CN2020103062804	April 17, 2020
3.	A method, device, storage medium and electronic equipment for welding droplet data acquisition (一種焊接熔滴數據獲取方法、裝置、存儲介質及電子設備)	Invention	Our Company	PRC	CN2022105620289	May 23, 2022
4.	Robot joint flexibility coefficient identification method and related device (機器人關節柔度係數辨識方法及相關裝置)	Invention	Our Company	PRC	CN2022116676729	December 23, 2022
5.	An industrial robot impedance control method, industrial robot and storage medium (一種工業機器人阻抗控制方法、工業機器人及存儲介質)	Invention	Our Company	PRC	CN2022117307670	December 30, 2022
6.	A multi-robot synchronous cooperative control method, device and storage medium (一種多機器人間同步協同控制方法、裝置及存儲介質)	Invention	Our Company	PRC	CN2022117307098	December 30, 2022
7.	Robot fault detection method, device, equipment and readable storage medium (機器人故障檢測方法、裝置、設備及可讀存儲介質)	Invention	Our Company	PRC	CN2023115795602	November 24, 2023
8.	A multi-axis robot drive and control integrated system and operation method with heterogeneous processors (一種處理器異構的多軸機器人驅控一體化系統及運行方法)	Invention	Our Company	PRC	CN2023117232236	December 12, 2023
9.	Robot motion trajectory processing method, device, medium and computing equipment (機器人的運動軌跡處理方法、裝置、介質和計算設備)	Invention	Our Company	PRC	CN2023117025931	December 11, 2023
10.	An automated parameter iterative optimization method and system (一種自動化參數迭代優化方法及系統)	Invention	Our Company	PRC	CN2023118365714	December 28, 2023

APPENDIX IV STATUTORY AND GENERAL INFORMATION

No.	Patent	Type	Applicant	Place of Registration	Application Number	Application Date
11.	Multi-robot synchronous control method and system, multi-robot synchronous workstation (多機器人同步控制方法及系統、多機器人同步工作站)	Invention	Our Company	PRC	CN2024100834030	January 19, 2024
12.	A refined servo overload determination method and system (一種精細化伺服過載的判定方法及系統)	Invention	Our Company	PRC	CN2023118727556	December 29, 2023
13.	A robot reducer life prediction method, device, equipment and medium (一種機器人減速器壽命預測方法、裝置、設備及介質)	Invention	Our Company	PRC	CN202411355488X	September 27, 2024
14.	A welding arc-ending method, device and storage medium (一種焊接收弧方法、裝置及存儲介質)	Invention	Our Company	PRC	CN2025103420347	March 21, 2025
15.	Mechanical arm performance analysis method, device, electronic equipment and storage medium (機械臂的性能分析方法、裝置、電子設備及存儲介質)	Invention	Our Company	PRC	CN2024117919178	December 6, 2024
16.	A current loop bandwidth expansion method for servo drives and servo drives (一種伺服驅動器電流環帶寬擴展方法及伺服驅動器)	Invention	Our Company	PRC	CN2024119755308	December 31, 2024
17.	Calibration method, device, terminal and medium applied to manipulator end effector and 3D camera (應用於機械手末端執行器與三維相機的標定方法、裝置、終端和介質)	Invention	Our Company	PRC	CN2024119615637	December 30, 2024

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(d) Software Copyrights

As at the Latest Practicable Date, the Group had registered the following software copyrights which are material to its business:

No.	Software Name	Registrant	Registration Number	Registration Date
1.	CRP-S40 industrial robot control system (CRP-S40工業機器人控制系統)	Our Company	2014SR021066	February 21, 2014
2.	CRP-S80 industrial robot control system (CRP-S80工業機器人控制系統)	Our Company	2014SR026244	March 4, 2014
3.	Industrial robot control system (工業機器人控制系統)	Our Company	2016SR192120	July 25, 2016
4.	Industrial robot software (工業機器人軟件)	Our Company	2022SR0668329	May 30, 2022
5.	Welding Machine Power Software (焊機電源軟件)	Our Company	2022SR0881323	July 4, 2022
6.	Crobotp Smart Cloud Operations Management System (卡諾普智慧雲運營管理系統)	Our Company	2023SR0353025	March 17, 2023
7.	Industrial Robots Control System (工業機器人控制系統)	Our Company	2024SR1858105	November 21, 2024
8.	Industrial Robots Teaching System (工業機器人示教系統)	Our Company	2024SR1858112	November 21, 2024

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interest

(a) *Interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of our Company and our associated corporations*

The following table sets out the interests and short positions of our Directors and chief executive of our Company immediately following completion of the [REDACTED] (without taking into account the H Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]) in our Shares, underlying Shares or debentures of our Company or any of our 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 in which they are 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 which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once our H Shares are [REDACTED]:

Name	Capacity/Nature of Interest	Class of Shares held after the [REDACTED]	Number of Shares (assuming the that [REDACTED] is completed)	Approximate percentage of shareholding in the relevant class of Shares upon completion of the [REDACTED] (assuming that the [REDACTED] is completed and no exercise of the [REDACTED] ⁽¹⁾)	Approximate percentage of shareholding in the issued share capital of our Company after the [REDACTED] (assuming that the [REDACTED] is completed and no exercise of the [REDACTED] ⁽¹⁾)
Mr. Li ⁽²⁾⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Zhu ⁽²⁾⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation ⁽³⁾	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
Ms. Gu Fei ⁽³⁾	Beneficial interest	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%
	A concert party to an agreement	H Shares	[REDACTED]	[REDACTED]%	[REDACTED]%

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STATUTORY AND GENERAL INFORMATION

Notes

- (1) The calculation is based on the total number of [REDACTED] Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is completed and the [REDACTED] is not exercised).
- (2) Under the SFO, Mr. Li and Mr. Zhu are deemed to be interested in the Shares held by Changzhou Hongzhi, which was an employee shareholding platform owned as to approximately 1.13% by Mr. Li as the executive general partner and 73.21% by Mr. Zhu as a limited partner. As Mr. Zhu contributed more than one third of the capital to the limited partnership, he is also deemed to be interested in the Shares held by Changzhou Hongzhi.
- (3) Pursuant to the Concert Party Agreement, Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng acknowledged and confirmed their acting-in-concert relationship in our Company since becoming our direct Shareholders. As such, each of Mr. Li, Mr. Zhu, Changzhou Hongzhi, Ms. Gu, Mr. Zeng, Mr. Xia and Mr. Deng is deemed to be interested in each other's interest in the Shares under the SFO. For details, see “History, Development and Corporate Structure – Concert Party Agreement.”

(b) Interests of the substantial shareholders in the Shares

Save as disclosed in the section headed “Substantial Shareholders” of this document, immediately following the completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], our Directors are not aware of any other person (not being a Director or chief executive of our Company) who will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

2. Particulars of the Directors Service Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we will enter into a contract with each of our Directors in respect of, among other things (i) compliance of relevant laws and regulations, (ii) observance of the Articles of Association, and (iii) provisions on arbitration.

Save as disclosed above, none of the Directors has entered into any service contracts as a director with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

For details of the remuneration of Directors, see “Directors and Senior Management – Directors’ Remuneration and Remuneration of Five Highest Paid Individuals” and note 9 in “Appendix I Accountant’s Report” to this document.

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4. Disclaimers

- (a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV 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, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are [REDACTED] on the Stock Exchange;
- (b) None of our Directors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are [REDACTED] on the Stock Exchange;
- (c) Save as disclosed in the section headed “History, Development and Corporate Structure” of this document, none of the Directors nor any of the experts referred to in “D. Other Information – 8. Qualifications and Consents of Experts” below:
 - (i) has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; or
 - (ii) is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group;
- (d) Save in connection with the [REDACTED], none of the Directors nor any of the experts referred to in “D. Other Information – 8. Qualifications and Consents of Experts” below:
 - (i) interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for any [REDACTED] in any member of our Group;
- (e) So far as is known to the Directors, none of the Directors or their associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of the Company has any interest in the top five customers or our top five suppliers of the Group.

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D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

2. Litigation

As of the Latest Practicable Date, the Company was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. The Sole Sponsor’ Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive an aggregate fee of USD[REDACTED] for acting as the sponsor for the [REDACTED].

4. Compliance Adviser

The Company has appointed Zhongtai International Capital Limited as the compliance adviser upon [REDACTED] in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

5. Preliminary Expenses

The Company has not incurred any preliminary expenses.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

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7. Promoters

Our promoters comprised of five Shareholders immediately before at the establishment of our Company on September 6, 2012. For details of our promoters, see “History, Development and Corporate Structure – History and Development”.

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit 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.

8. Qualifications and Consents of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) which have given opinions or advice in, or referred to in, this document are as follows:

<u>Name of Expert</u>	<u>Qualifications</u>
Guotai Junan Capital Limited	A licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jun He LLP	Legal advisers as to PRC law to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant
Hogan Lovells	Legal advisers to our Company as to International Sanctions law

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or references to its name and qualifications included herein in the form and context in which they respectively appear.

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9. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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 so far as applicable.

10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2025 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

12. Miscellaneous

- (a) Save as disclosed in this section, within the two years preceding the date of this document, no share or loan capital of the Company or any of its subsidiary has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.
- (b) No share or loan capital of the Company or any of its subsidiary is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred [REDACTED] of the Company or any of its subsidiary have been issued or have been agreed to be issued.
- (d) Our Company has no outstanding convertible debt securities or debentures.
- (e) None of the experts listed under “– 8. Qualifications and Consents of Experts”:
 - (i) is interested beneficially or non-beneficially in any [REDACTED] in any member of the Group; or
 - (ii) has any right or option (whether legally enforceable or not) to [REDACTED] for or to nominate persons to [REDACTED] for securities in any member of the Group save in connection with the [REDACTED].

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- (f) The English text of this document shall prevail over their respective Chinese text.
- (g) There is no arrangement under which future dividends are waived or agreed to be waived.
- (h) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this document.
- (i) Our Company is not presently **[REDACTED]** on any stock exchange or traded on any trading system.
- (j) Our Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited liability company and does not expect to be subject to the Law of the PRC on Sino-foreign Equity Joint Ventures.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of the material contract referred to in “Appendix IV – Statutory and General Information”; and
- (b) the written consents referred to in “Appendix IV – Statutory and General Information.”

DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the website of the Stock Exchange at www.hkexnews.hk and our website at <https://crprobot.com/> during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report for the Track Record Period and the report on the unaudited [REDACTED] financial information prepared by Ernst & Young, the texts of which are set out in “Appendix I – Accountants’ Report” and “Appendix IIA – Unaudited [REDACTED] Financial Information,” respectively;
- (c) the audited consolidated financial statements of the Group for the Track Record Period;
- (d) the legal opinion from JunHe LLP, the Company’s PRC Legal Advisers, in respect of certain aspects of the Company and the property interests of our Group in the PRC;
- (e) the industry report prepared by F&S;
- (f) the PRC Company Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translations;
- (g) the service contracts between each of the Directors and the Company referred to in “Appendix IV – Statutory and General Information”;
- (h) the material contract[s] referred to in “Appendix IV – Statutory and General Information”;
- (i) the written consents referred to in “Appendix IV – Statutory and General Information”; and
- (j) the legal memorandum issued by Hogan Lovells, our legal advisers as to International Sanctions law.