

BUSINESS

OVERVIEW

Who We Are

We are a technology-driven company primarily focused on the garden vertical scenario, dedicated to building an integrated smart garden ecosystem. Leveraging our IoT capabilities, we develop, manufacture and sell an extensive portfolio of smart garden equipment under our EIW (Energy Management, Intelligence, and Water Treatment) product matrix, aiming to deliver a comfortable, intelligent and engaging lifestyle for global garden users. Our products are sold to over 100 countries and regions worldwide. With more than 15 years of operating experience in smart garden equipment, we are among the first domestic smart garden equipment providers to establish a global presence.

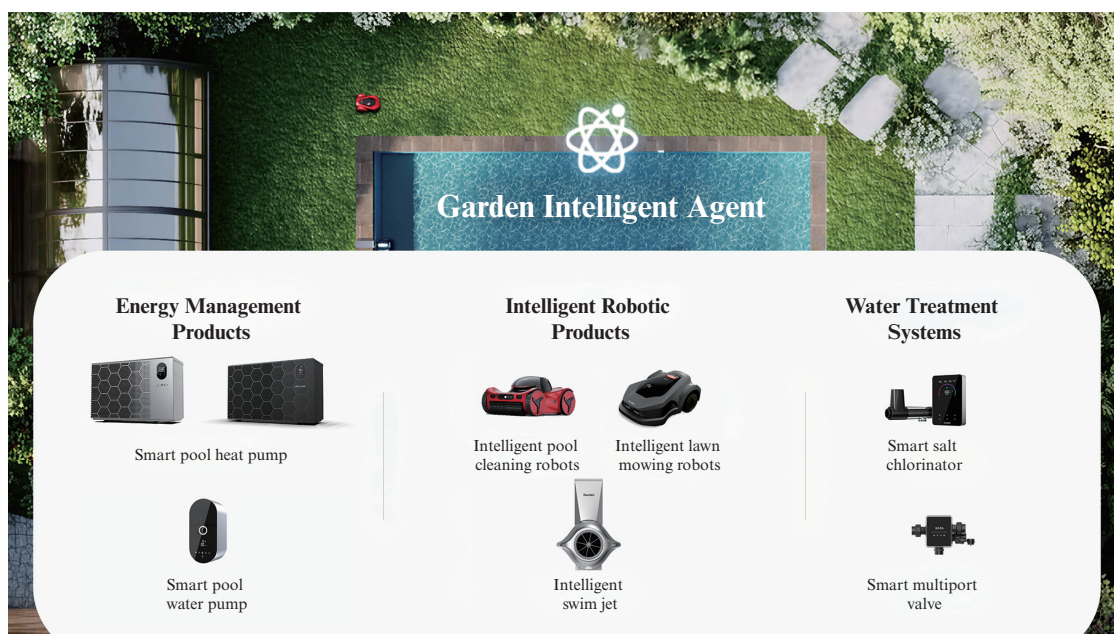
We have established an integrated iGarden ecosystem for the pool scenario, encompassing IoT control, smart hardware, energy management, intelligent robotic operations, and water treatment solutions. According to Frost & Sullivan, we were the largest PRC-based provider of smart pool equipment by revenue in 2024, with a global market share of 3.4%. In the same year, we ranked first among PRC-based smart pool heat pump manufacturers and PRC-based smart pool water pump manufacturers by revenue, with global market shares of 15.0% and 6.6%, respectively.

Building on our foundation in smart pool equipment, and supported by sustained innovation and global sales channels, we have gradually expanded our footprint into the lawn scenario. As of the Latest Practicable Date, we have launched and commenced mass production of our intelligent lawn mowing product series to meet market and customer demand.

We pioneered the launch of Full-Inverter and TurboSilence technologies, which contributed to the industry’s transition to high energy efficiency, and we are among the first enterprises to achieve large-scale application of full inverter technology in the PRC smart garden equipment market. Our smart pool heat pumps have delivered a Coefficient of Performance (COP) of up to 30, well above the general industry range of 3 to 6.

Our Product Portfolio

Below illustrates our extensive EIW product matrix, centered on the IoT-driven Garden Intelligent Agent.



BUSINESS

Our product portfolio focuses on the garden vertical, covering three core functional and recreational sectors under the EIW matrix.

- **(E) Energy management.** Our energy management products primarily comprise smart pool heat pumps and smart pool water pumps, powered by our proprietary Full-Inverter and TurboSilence technologies. Our mass-produced smart pool heat pumps series feature a high COP, outperforming conventional fixed-speed products. Our smart pool heat pumps command a leading global market share, and our latest generation XP20 series are in mass production, delivering energy-efficient, year-round constant-temperature pool solutions.
- **(I) Intelligence.** Our intelligent robotic products primarily comprise intelligent pool cleaning robots in pool scenario and intelligent lawn moving robots in lawn scenario. They deliver industry-leading running time of 40 hours and 30 hours, respectively, and feature our proprietary 3D S-path cleaning technology. These innovations address key pain points in traditional garden maintenance, such as cord entanglement, time-consuming operation and difficult handling.
- **(W) Water treatment.** Our water treatment systems mainly comprise smart salt chlorinators and smart multiport valve, which enable automatic water quality management and 24-hour non-stop water purification, simplifying cumbersome manual operations into automated functions.

We have developed our iGarden ecosystem to deliver product synergies rather than merely enabling basic smart connectivity. Leveraging our IoT capabilities, we integrate our product portfolio to address core pain points for garden users, including short seasonal usage, high energy consumption and costly maintenance. Through our IoT control, we enable coordination among our water pumps, heat pumps and salt chlorinators, allowing pools to be operated year-round. Our heat pumps are designed to function reliably in ambient temperatures ranging from -20°C to 43°C. During winter, our ecosystem eliminates the need to drain pools. Instead, it maintains basic pool operation at 1/20 of conventional energy usage, preventing water surfaces, pipelines and connected smart equipment from freezing, while sustaining water cleanliness with low-frequency operation. This substantially reduces ongoing maintenance costs for our users.

Our Core Technologies

Our core technological strengths are built upon self-developed inverter technologies and intelligent control systems including Full-Inverter and TurboSilence technologies. Drawing on over 15 years of experience in the smart garden equipment sector, we have established a full-stack research and development framework encompassing structural design, hardware, software development and product testing, with focused research and development efforts covering energy management, intelligence and water treatment. We operate multiple specialized laboratories and scenario-based testing facilities for intelligent pool cleaning robots, lawn mowing robots and water treatment systems, and have achieved continuous breakthroughs in key technical fields including inverter electronic control, robot navigation and new energy management. We have independently developed core software capabilities such as IoT, edge computing and algorithms. As of December 31, 2025, we owned 275 domestic and international patents, forming a robust intellectual property barrier.

Supported by our proprietary inverter and intelligent control technologies, we have constructed a full-stack technology architecture for garden scenario, enabling continuous optimization in product energy efficiency, long endurance and noise reduction. We maintain full control over core software and algorithms, and conduct in-depth optimization and integration of key hardware components, delivering dual competitive advantages in product performance and cost competitiveness. Backed by our technological platforms, we have developed advanced environmental adaptation technologies to ensure stable operation across diverse climates and seasonal conditions for global customers.

BUSINESS

Our Sales Network and Growth Capabilities

Substantially all of our products are sold to overseas markets. Having commenced our business in Europe where we have gradually established our market position, our sales footprint now spans major global regions, including Europe, Oceania, Americas, Asia and Africa. Backed by our technological advantages and understanding of regional markets, our major products have gained widespread recognition. Our distribution network in the smart pool equipment sector has laid a solid foundation for our future expansion into full-scenario garden products. Leveraging our extensive product portfolio and various support delivered, we have built long-term, stable partnerships with a diverse range of leading distributors in global key markets. The average partnership tenure of our top ten customers during the Track Record Period was approximately ten years. In 2025, we were approved as an authorized supplier to the largest pool products distributor in the United States. To further strengthen channel synergy and ensure long-term cooperation stability, we have made equity investments in or acquired key channel partners during the Track Record Period. We believe these investments can deepen strategic collaboration with core distributors, enhance channel resilience and improve our agility in responding to market dynamics.

We sell our products mainly through distribution of our own-brand products and ODM services. In 2025, we further expanded our sales channels into online direct sales to end customers for our intelligent robotic products. This omnichannel strategy not only enables broad market coverage but also reinforces our brand influence. Leveraging our long-standing customer relationships, global resource integration capabilities, and international authoritative certifications, we have established a sustainable competitive barrier in the smart garden equipment sector.

OUR STRENGTHS

A Leading PRC-based supplier in the global smart pool equipment market

As advised by Frost & Sullivan, we were the largest PRC-based provider of smart pool equipment by revenue in 2024, with a global market share of 3.4%. As a leading PRC-based provider of smart pool equipment, we are among the world’s first technology enterprises with focus on the garden vertical. We are committed to delivering an integrated and smart ecosystem for global garden scenarios.

We possess more than 15 years of technological expertise in smart pool equipment and intelligent pool cleaning robots, with core competitive barriers rooted in underlying inverter technologies, algorithmic perception and motion control. Building upon the iGarden platform, we have continuously developed and expanded our smart garden equipment products. Driven by profound insights into garden scenarios, we have expanded our business scope from pool constant temperature equipment to intelligent products and robotic solutions, extending our technological advantages across the entire garden scenario. Our proprietary inverter technologies, including Full-Inverter, TurboSilence and AI-Inverter, have gained widespread market recognition across more than 100 countries, and we hold a leading global market share in smart pool heat pumps and water pumps markets.

The smart pool equipment market has long been dominated by established European and American brands. Leveraging our technological strengths and continuous product innovation, we have achieved rapid growth over the past three years and established ourselves among the world’s first-tier brands. As one of the few Chinese enterprises capable of competing with international industry giants, we have been approved as an authorized supplier to the largest pool products distributor in the United States, which further validates our competitive strength in the global market.

BUSINESS

Strong research and development capabilities

We maintain a focused technology strategy under the principle of “small core, large collaboration (小核心，大协作).” A core tenet of this strategy is that the development of all our business sectors is built on our core inverter and intelligent control technologies. We retain control over the development of core software and underlying algorithms, while selectively collaborating with qualified external suppliers for certain hardware components, which we further optimize and integrate in-depth into our products. This model enables us to pursue industry-leading technological innovation in a scalable manner.

Benefiting from our initial breakthrough in structural design since 2009, we have accumulated over 15 years of technological experience in smart garden equipment and owned 275 domestic and international patents as of December 31, 2025. We have independently developed a series of pioneering technologies, including the smart inverter pool water pump, Full-Inverter technology and TurboSilence inverter technology. These innovations have established global technological barriers in major products.

We have built research and development infrastructure covering: smart pool equipment, intelligent lawn mowing robots, water treatment and intelligent swim jets. In 2017, we established a research, development and manufacturing base for inverter electronic control and pumps. This base has laid a solid foundation for the in-house research and development of our smart garden equipment. Our technological capabilities are recognized by international authorities. For example, our products have obtained multiple certifications from TÜV. We are also an early adopter of R290 environmental-friendly refrigerant, supporting the green transformation of the global pool equipment industry.

We were awarded five Guinness World Records in 2023 and 2024 in respect of energy saving, noise reduction and endurance performance. These achievements demonstrate the superior performance of our proprietary technologies, including underwater 3D S-shaped cleaning, ultra-quiet water pumps and high-COP heat pumps.

Synergistic product ecosystem for full-scenario garden applications

Leveraging our IoT capabilities, including intelligent hardware-enabled control algorithms, we have developed an extensive EIW (Energy Management, Intelligence, Water Treatment) product matrix. Our iGarden ecosystem facilitates interconnection between our multi-category intelligent devices, supporting interoperability across various communication protocols (including Wi-Fi, Bluetooth, and Modbus) to ensure stable connectivity. Users may establish scenario-based device connections through either the iGarden App or our intelligent central control hardware. For instance, with a single tap, users can activate the pre-set “Summer Swimming” mode to simultaneously power on heat pumps, water pumps, swim jets and other related equipment, streamlining the operation of our smart garden equipment. Our iGarden ecosystem is designed to support interoperability with mainstream third-party equipment while maintaining full control over core software and algorithm development, eliminating over-reliance on external technologies.

Leveraging intelligent interconnection, we foster synergies across our product portfolio to create an integrated garden ecosystem and to deliver enhanced user experience and operational efficiency. For instance, our low-noise nighttime mode automatically synchronizes water pumps and heat pumps to run at low frequencies, maintaining constant temperature and water cleanliness while achieving superior quietness and sustained energy savings. During winter, our active anti-freezing system monitors ambient temperature in real time and circulates water periodically through pipelines and water pumps to prevent freezing and potential rupture of equipment. In addition, our intelligent backwash filtration system automatically adjusts the operation of multiport valves and water pumps based on pressure sensor data, enabling automated deep cleaning without compromising equipment integrity. Through cross-device intelligent linkage and coverage of garden scenarios, we continuously enhance the efficiency of intelligent garden management and elevate the overall user experience.

BUSINESS

Global sales network and in-depth operational capabilities

Our products are sold to over 100 countries and regions with a strong market presence. Our technology frameworks enable us to integrate our technological strengths with global resources and market channels, supporting consistent product standards, efficient coordination and localized operation across markets.

On the supply side, we have maintained long-term, stable partnership with core component suppliers. Such close upstream cooperation supports efficient alignment of production and procurement across the value chain and enhances the overall stability and flexibility of our operations.

We have accelerated downstream integration through strategic investments. During the Track Record Period, we acquired five distributors with abundant local channel resources in key overseas markets across North America and Europe. These distributors possessed local sales channel networks, and such acquisitions have enabled us to further expand our downstream distribution footprint. Our in-depth partnerships with distributors have supported the expansion of our global customer base and revenue growth. Our diversified customer base has also provided us with extensive insights in garden equipment design, which support new product development and iteration.

To support our global expansion strategies, we have established subsidiaries in key markets across Europe and North America. These local entities enable us to better respond to regional market dynamics, strengthen customer engagement, and streamline our sales and operational capabilities in major overseas markets. In addition, we have a dedicated after-sales service center in France, which allows us to provide timely and localized technical support, maintenance services, and customer care.

Experienced senior management and qualified research and development teams

Our management team, led by Mr. Chen, our founder and chairman of the Board, possess technological foresight and global vision, and has been instrumental in driving our rapid development. Since our founding, our core management team has leveraged its profound technical expertise and forward-looking industry insights to position our Group as a competitive player in the global smart garden equipment market.

Mr. Chen holds a degree from the Department of Industrial Design (Mechanical and Electrical Concentration) at Nanchang University. Following China’s accession to the World Trade Organization in 2001, he pivoted to the cross-border business of electrical equipment, and formally established Fairland in 2004. Starting from 2017, he led the construction of our in-house manufacturing facilities and laboratories, building our Group into an integrated enterprise covering research and development, production and sales.

We have consistently regarded research and development as the core engine driving our business growth and the formation of competitive advantages. As of December 31, 2025, we employed 442 technical personnel, representing over 24% of our total workforce, including seven employees with doctoral degrees and 73 employees with master’s degrees. Our research and development team brings together specialized professionals spanning diverse fields, including AI algorithms, intelligent robot control systems, mechanical engineering and the IoT. Team members possess industry experience in the development of outdoor intelligent products, supporting our continuous technological innovation and product iteration.

BUSINESS

OUR STRATEGIES

Continuous development of cutting-edge technologies to enhance ecosystem capabilities

We will continue to increase research and development investment to advance cutting-edge technologies for smart garden equipment, strengthening our core technological competitiveness, elevating product performance, and enhancing our iGarden ecosystem capabilities to create long-term value. To drive innovation, we will integrate advanced technologies such as AI algorithms, AI visual recognition and path planning, with a focus on AI integration across our hardware, IoT platforms, proprietary software and developer platform to overcome traditional intelligent control limitations.

A key part of our technological evolution is upgrading from Garden Intelligent Agent to next-generation Garden AI Agent, moving beyond basic automation. This next-generation AI agent will feature hierarchical architecture: a primary agent responsible for understanding user intentions, planning scenarios, and allocating tasks, supported by five sub-agents dedicated to water systems, energy management, robotics, ambiance control, and maintenance subsystems, respectively. Powered by sensor and user interaction data, the Garden AI Agent continuously learns to adapt and make autonomous decisions.

We will also use cutting-edge capabilities to enhance the system’s planning depth and adaptability, elevating ecosystem intelligence. For instance, when a user inputs “I want to swim at 3PM tomorrow” the Garden AI Agent will integrate real-time device status, weather forecasts, and Time-of-Use (TOU) electricity pricing to generate a time-sequenced execution plan. During execution, the agent will dynamically adjust the plan based on real-time device feedback, addressing multi-step, cross-temporal planning needs that go far beyond the scope of rule-based automation. By leveraging weather forecast data, the system will intelligently schedule the operation timing and duration of heat pumps to optimize energy efficiency, while calculating the optimal operating window and intensity for salt chlorinators to maintain ideal water quality with minimal energy consumption. It will generate actionable recommendations for users and dynamically update its management plan in real time according to user feedback and changing conditions.

When combined with hardware embodied intelligence, we will develop the Smart Garden Assistant for deep user interaction, offering professional scenario planning, intelligent garden management and personalized recommendations to transform user experience.

Expansion of new product portfolios and exploration of new applications scenarios

We aim to continuously enrich our product portfolio and expand into new applications in garden scenario. Driven by our core product matrix of EIW (Energy Management, Intelligence and Water Treatment), we will further expand our full-scenario intelligent garden ecosystem, enhancing user value and strengthening our market position.

Energy Management. We will continuously upgrade our smart pool heat pumps and water pumps to deliver higher performance and energy efficiency. In addition, we plan to further develop our product lines to cover more garden applications, including energy storage systems, HVAC heat pumps and dehumidification systems. This extension will build a energy management solution for residential gardens, supporting low-carbon operation and diversified user demands.

Intelligence. We will keep iterating on our core intelligent robotic products, including intelligent pool cleaning robots, swim jets and lawn mowing robots, by integrating AI and advanced algorithms to boost cleaning efficiency, hardware performance and motor energy efficiency. We will further explore embodied intelligence by pairing our Garden AI Agent software platform with intelligent hardware to create an Garden AI Assistant. This will enable deeper human-machine interaction, personalized scenario planning and intuitive garden management, elevating the overall user experience.

BUSINESS

Water treatment. We will continue developing and upgrading water treatment systems such as smart salt chlorinators and multiport valve, focusing on eco-friendly, safe, efficient and low-irritation solutions. For example, we plan to develop AI-enabled advanced oxidation disinfection system (AIOP), which combines UV, electrolysis, ozone and photocatalysis to generate highly reactive hydroxyl radicals. This technology delivers high sterilization rates, removes chloramines and odors, and produces no harmful by-products. It will also support intelligent functions including water quality prediction, fault self-diagnosis, remote operation and unattended maintenance.

Global market expansion through strategic investments and localized collaboration

To deepen our global presence, we will implement a localization strategy by establishing dedicated local teams covering sales, after-sales service and research and development in key markets. We plan to establish subsidiaries in key overseas markets, and acquire well-known overseas brands while introducing our innovative products to such markets. We will seek to effectively mitigate geopolitical and trade policy risks and support the stable development of our global operations by optimizing the regional distribution of production capacity, promoting domestic substitution of core materials and components, and adopting flexible supply chain strategies.

In terms of brand development, we adhere to the positioning of a premium smart garden equipment brand. We consolidate our operational foundation through the global layout of intellectual property rights, and enhance our technological reputation through our core technological advantages and international authoritative certifications. We will continue to strengthen brand recognition and market penetration by partnering with global partners in various sectors to implement diversified local marketing initiatives, with the goal of establishing a high-end brand image featuring both global influence and regional resonance. We will continue to develop our online direct sales channels. By closely engaging with end customers, we will further enhance our brand exposure and recognition.

For overseas market expansion, we will establish a tiered customer development system and adopt differentiated cooperation strategies to cover diversified channels ranging from strategic partnerships to distributor networks. We plan to further expand our market share by strategically acquiring promising downstream distributors at an appropriate time in the future. Leveraging the demonstration effect of representative customers, we will further penetrate the overseas high-end market, continuously optimize customer structure and cooperation stickiness, and support the improvement of our global customer network and the steady growth in business scale.

Optimization of production capacity and supply chain to enhance operational resilience

To capture growth opportunities in the smart garden equipment market and meet global demand for high-quality products, we intend to further enhance our production capacity layout and supply chain system, with a view to improving production, supply capabilities and market responsiveness.

We will optimize our domestic production facilities while developing our overseas production layout, including cooperation with contract manufacturers in Thailand. For details, please refer to “— Manufacturing — Manufacturing Process — Collaborative production” below. These arrangements are intended to diversify geopolitical risks and shorten delivery lead times for overseas customers. We will also continue to strengthen production line development and expand our production capacity. We plan to adopt a phased investment approach with milestone-based management, allocating resources in line with progressive development stages of each project.

For intelligent manufacturing upgrading, we plan to invest in MES (Manufacturing Execution System) and automated three-dimensional warehouses, and develop an advanced supply chain management system. This will support real-time monitoring of production automation and efficient information flow, improve capacity utilization and operational efficiency, and underpin our long-term product competitiveness strategy.

BUSINESS

To strengthen supply chain resilience, we will establish a diversified supplier cooperation system, promote multi-sourcing of core materials and pre-research on alternative solutions, reduce reliance on single suppliers, and safeguard the continuity and stability of supply. We may also carry out equity investments and other means, strengthen supply chain synergy and self-sufficiency, and gradually establish an integrated ecosystem and core competitive advantages covering key segments of the value chain.

Recruitment and retention of key professionals to support sustainable growth

To support our globalization and technological innovation strategies, we intend to continuously implement a comprehensive talent development strategy to build an international talent team with global vision and professional expertise.

We will focus on attracting high-end talents in core areas including research and development and technology, through multiple channels such as executive search, university-enterprise joint laboratories, overseas mergers and acquisitions, and localized recruitment. We plan to establish overseas research and development centers, design centers and advanced laboratories in locations including Silicon Valley, forming a global research and development and operational network.

We will also establish a robust talent development system covering induction training, professional skill assessment and one-on-one mentoring, with an emphasis on nurturing interdisciplinary talents with international exposure and strong technical capabilities, providing sustainable support for our long-term development. To encourage employee innovation and enhance engagement, we will implement a differentiated and diversified incentive framework, including long-term incentives such as equity incentives and share ownership for core personnel. Together with targeted incentives and compensation structure optimization, we aim to enhance the overall competitiveness of our remuneration package and align personal growth with corporate development.

At the management level, we will adopt a streamlined organizational structure, establish a talent reserve mechanism for key positions and an internal innovation platform, and foster an open, inclusive and innovation-friendly corporate culture. These measures will continue to strengthen the intrinsic motivation of the team and support sustained technological breakthroughs and business expansion.

OUR BUSINESS MODEL

We are primarily engaged in the development, manufacture and sales of smart garden equipment, with a focus on building an integrated smart ecosystem for global garden users. During the Track Record Period, smart pool equipment sector served as our core revenue pillar underpinned by mature technologies and stable market channels. As advised by Frost & Sullivan, we are the largest PRC-based smart pool equipment manufacturer by revenue in 2024, with a global market share of 3.4%. Meantime, we have been expanding into the lawn scenario, with continuous market penetration and product iteration for our intelligent lawn mowing robots.

To deliver a comfortable, intelligent and engaging lifestyle for garden users, we have built up an extensive IoT-driven EIW product matrix. Specially, our Garden Intelligent Agent serves as the core of our IoT capabilities, acting as the pivotal hub of our iGarden ecosystem. It enables connection and coordinated control of all our smart devices, realizing integrated management of the entire garden equipment. The “EIW” corresponds to three core product matrices: (i) “E” stands for energy management products, focusing on improving the operational efficiency of pool systems through energy-efficient technologies; (ii) “I” represents intelligent robotic products, responsible for the intelligent operation and maintenance of the garden, to reduce manual intervention, improve the convenience of garden management as well as enhance the recreational experience; and (iii) “W” denotes intelligent water treatment systems, primarily used for the water quality management of pools, ensuring the safety and cleanliness of water.

BUSINESS

The following illustrates the product ecosystem of our smart garden equipment:



We operate a dual-driven operating strategy comprising own brands and ODM sales, which enables us to expand market share and enhance brand value in a synergistic manner. We primarily operate four own brands, namely iGarden, FAIRLAND, AQUARK and AQUAGEM. These brands have gradually built reputation and gained recognition from customers in the global smart garden equipment market. Under ODM sales, we design and manufacture customized products that meet the specific specifications of global smart garden equipment brand and channel owners, who then market and sell the products under their own brands. The table below sets forth the revenue breakdown during the Track Record Period.

For the year ended December 31,

	2023		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Own-brand sales	182,247	37.3	362,741	47.4	522,227	51.3
ODM sales	305,922	62.7	401,969	52.6	495,208	48.7
Total	488,169	100.0	764,710	100.0	1,017,435	100.0

BUSINESS

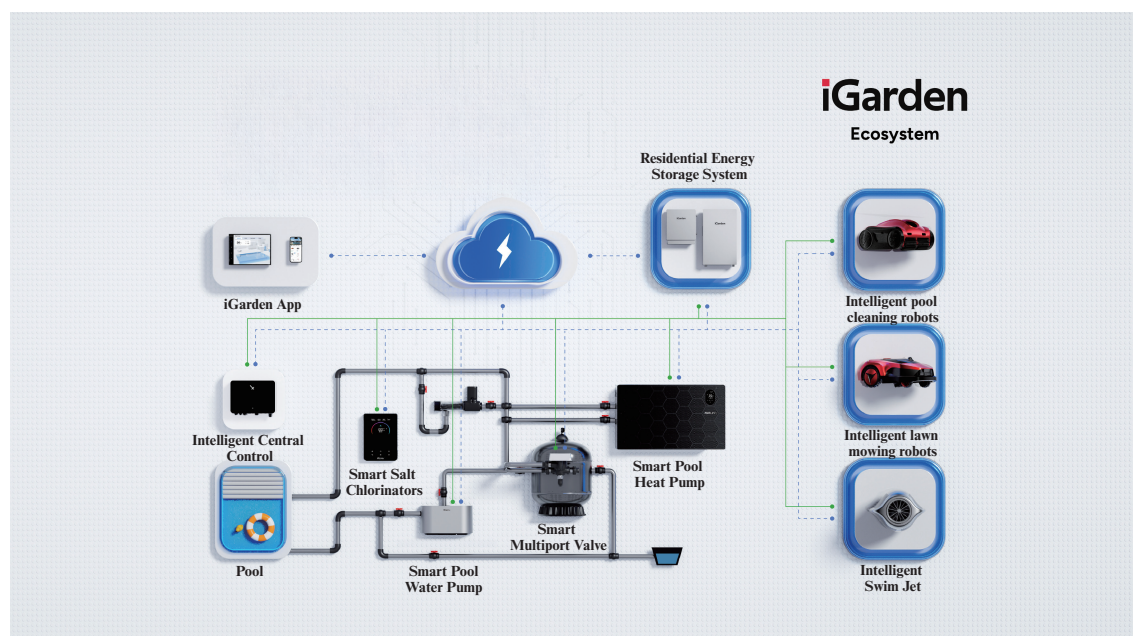
During the Track Record Period, substantially all of our revenue was generated from overseas markets, with our products sold to more than 100 countries and regions. For our own-brand sales, we have established a diversified sales network underpinned by distribution as the core channel and direct sales as a complementary channel. We primarily sell our own-brand products to overseas distributors, which leverage their local networks and resources to drive rapid market penetration and broaden our product coverage. In 2025, alongside the growth of our non-installation product lines including intelligent pool cleaning robots and lawn mowing robots, we further expanded our direct sales channels through online e-commerce platforms and our self-operated websites. This enabled us to directly reach end consumers, thereby enhancing our brand exposure and strengthening our overall brand equity. Under ODM sales, our ODM customers primarily consist of brands owners of smart garden equipment in overseas markets, with whom we generally entered into project-specific or order-by-order contractual arrangements.

Our business model’s strength lies in the synergy between our extensive product portfolio and diversified sales strategies, supported by research and development-driven innovation and alignment with global trends toward intelligent, sustainable gardens. By continuously refining our product offerings, optimizing our distribution channels, and deepening customer partnerships, we are well-positioned to enhance our market share and achieve long-term, sustainable growth in serving global garden owners.

OUR PRODUCTS

During the Track Record Period, we offered an extensive range of smart garden equipment, focusing primarily on the pool scenario while progressively exploring and expanding product applications in the lawn sector. All of our products can be connected to and operated through our iGarden App or intelligent central control pad, delivering a user-friendly smart control experience for garden users.

The following diagram illustrates the operating principle of our product ecosystem of smart garden equipment:



BUSINESS

The following table sets forth the revenue, sales volume and average selling price by sectors for the periods indicated:

	Year ended December 31,								
	2023			2024			2025		
	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	RMB'000	unit	RMB/unit	RMB'000	unit	RMB/unit	RMB'000	unit	RMB/unit
SMART POOL EQUIPMENT . . .	472,633	88,251	5,355.6	751,246	148,174	5,070.0	998,918	224,028	4,458.9
(E) Energy management products . . .	439,144	77,744	5,648.6	625,622	110,315	5,671.2	823,237	162,521	5,065.4
– Smart pool heat pump	381,426	47,656	8,003.7	540,610	68,970	7,838.3	642,437	85,738	7,493.0
– Smart pool water pump	57,718	30,088	1,918.3	85,012	41,345	2,056.2	180,800	76,783	2,354.7
(I) Intelligent robotic products	30,206	9,763	3,093.9	88,284	28,147	3,136.5	103,763	40,369	2,570.4
– Intelligent pool cleaning robots . . .	30,130	9,762	3,086.5	88,113	28,131	3,132.2	95,328	39,648	2,404.4
– Intelligent swim jet	76	1	76,000.0	171	16	10,687.5	8,435	721	11,699.0
(W) Water treatment systems	3,283	744	4,412.6	37,340	9,712	3,844.7	71,918	21,138	3,402.3
– Smart salt chlorinator	3,242	737	4,398.9	36,073	9,211	3,916.3	63,768	17,838	3,574.8
– Smart multiport valve	41	7	5,857.1	1,267	501	2,528.9	8,150	3,300	2,469.7
SMART LAWN EQUIPMENT . . .	93	40	3,325.0	167	55	3,036.4	1,428	510	2,800.0
Intelligent lawn mowing robots	93	40	2,325.0	167	55	3,036.4	1,428	510	2,800.0
Others ⁽¹⁾	<u>15,443</u>	–	–	<u>13,297</u>	–	–	<u>17,089</u>	–	–
Total	<u>488,169</u>			<u>764,710</u>			<u>1,017,435</u>		

Note:

- (1) Primarily includes electronic control systems and devices, energy storage equipment and other accessories as well as warranty services.

Smart Pool Equipment

During the Track Record Period, smart pool equipment represented our principal revenue sector. Within this sector, we offer an extensive EIW product portfolio comprising energy management products, intelligent robotic products and water treatment systems, which cover the core functional and recreational demands in the pool application scenario.

(E) Energy management products

Our energy management products primarily focus on offering energy-saving products, comprising smart pool heat pumps and smart pool water pumps. By integrating intelligent control features with smart hardware, our smart pool heat pumps and water pumps aim to improve the overall operational efficiency of pool water circulation and temperature regulation systems, while enabling lower energy consumption and more sustainable operation for end-users.

Smart pool heat pumps

Our smart pool heat pumps are inverter heat pumps, designed specifically for temperature regulation of swimming pool water to ensure stable and comfortable water temperature during use. Its core working process involves absorbing low-grade heat energy from the ambient air through an evaporator, compressing the refrigerant through a compressor to increase its temperature and pressure, and then transferring the high-grade heat energy generated to the swimming pool water through a condenser. The inverter technology equipped in the variable-frequency pool heat pump enables stepless adjustment of the compressor’s operating frequency according to the actual temperature difference between the pool water and the set temperature to match the heat supply demand dynamically.

BUSINESS

Our smart pool heat pumps are mainly designed for outdoor swimming pools and can operate in environments with temperatures ranging from -20°C to 43°C. According to Frost & Sullivan, we are the largest PRC-based smart pool heat pump manufacturer, with a global market share of 15.0% in terms of revenue in 2024. In addition, our pool pump prototype has been awarded the Guinness World Record for the quietest pool pump, with a noise level of 29.69 dB(A) at 1m, as well as the most energy saving pool pump, with COP of 39.35. As of the Latest Practicable Date, we had a total of 21 series of smart pool heat pumps with more than 100 models. The table below sets forth information on our representative product series, namely XP26 series, XP20 series and XP16 series.

Series	Introduction	Key features	Representative product image
XP26 series . . .	Our XP26 series is specifically developed for the premium range market, with relatively large unit sizes. It is equipped with intelligent low-temperature cruising capability, which enables it to cope with severe cold conditions easily and meet the demand for swimming in winter.	• Operating temperature: -20°C to 43°C • COP at 26°C up to 30 • Noise level at 1m: 36.9dB to 51.9dB	
XP20 series . . .	Our XP20 series is specifically developed for flagship range market, suitable for customers who are concerned about energy conservation and initial costs.	• Operating temperature: -15°C to 43°C • COP at 26°C up to 20 • Noise level at 1m: 38.5dB to 54.9dB	
XP16 series . . .	Our XP16 series, as developed for mid-range market, is a cost-effective option, suitable for the mass market.	• Operating temperature: 0°C to 43°C • COP at 26°C up to 16 • Noise level at 1m: 39.5dB to 57.0dB	

Smart pool water pumps

We offer a wide range of smart pool water pumps to ensure the stable and efficient operation of swimming pool water circulation systems. These pumps circulate pool water through piping to connected equipment including filters and sanitization systems, removing impurities, algae and other contaminants. They facilitate the uniform distribution of disinfectants, thereby consistently maintaining clean pool water that complies with applicable hygiene standards. In contrast to the fixed-speed operation of traditional constant-speed water pumps, our inverter pool water pumps are equipped with an intelligent inverter drive system. This system automatically adjusts the motor’s operating frequency and rotational speed in response to the pool’s real-time water circulation requirements, enabling control of water flow rate and head. Coupled with hydraulic design, the system achieves a high degree of matching between pump output and actual operational demand. This reduces energy consumption at the source, delivering high efficiency, stability, energy savings and low-noise operation. Our pool pump prototype has been awarded the Guinness World Record for the quietest pool pump, with a noise level of 25.57 dB(A) at 1m.

BUSINESS

Our smart pool water pumps are primarily used in various types of swimming pools that require continuous or intermittent water circulation. According to Frost & Sullivan, we are the largest PRC-based smart pool water pump manufacturer, with a global market share of 6.6% in terms of revenue in 2024. As of the Latest Practicable Date, we had four series of smart pool water pumps with 17 models, with details set forth below.

Series	Introduction	Key features	Representative product image
InverMaster series	Our InverMaster series incorporates water-cooling technology that eliminates fan noise from traditional motors, achieving noise levels as low as 30dB. Coupled with its exterior, the series represents an optimal combination of premium performance and stylish appearance.	• Power range: 0.8-1.4kW • Cooling method: water-cooling • Noise level at 1m lowest at 30dB • EU energy efficiency rating (EN17645): A	
InverPro series	Our InverPro and InverCaptain series utilize proprietary flow control technology that enables visualized flow monitoring. The precise flow regulation enhances the efficiency of water circulation and filtration.	• Power range: 0.8-1.75kW • Cooling method: fan-cooling • Noise level at 1m lowest at 33dB • EU energy efficiency rating (EN17645): A	
InverCaptain series		• Power range: 0.8-2.5kW • Cooling method: fan-cooling • Noise level at 1m lowest at 33dB • EU energy efficiency rating (EN17645): A	
InverSmart series	Our InverSmart series features efficient guide vane technology for enhanced energy savings and quiet operation, representing a cost-effective solution.	• Power range: 0.5-1.5kW • Cooling method: fan-cooling • Noise level at 1m lowest at 36dB • No flow control features • EU energy efficiency rating (EN17645): A	

BUSINESS

(I) Intelligent robotic products

Our intelligent robot products comprise intelligent pool cleaning robots and intelligent swim jets.

Intelligent pool cleaning robots

Our intelligent pool cleaning robots are automatic, wireless equipment specially designed for daily pool cleaning. They can operate independently in the pool to complete tasks such as debris removal and stain scrubbing on the pool bottom, pool walls and water surface. No full-time manual control is required, which reduces the labor cost of pool maintenance and ensures the cleanliness of pool water. Our intelligent pool cleaning robot prototype won the Guinness World Record for the longest running time of a wireless pool cleaning robot, with a continuous operating duration of 40 hours.

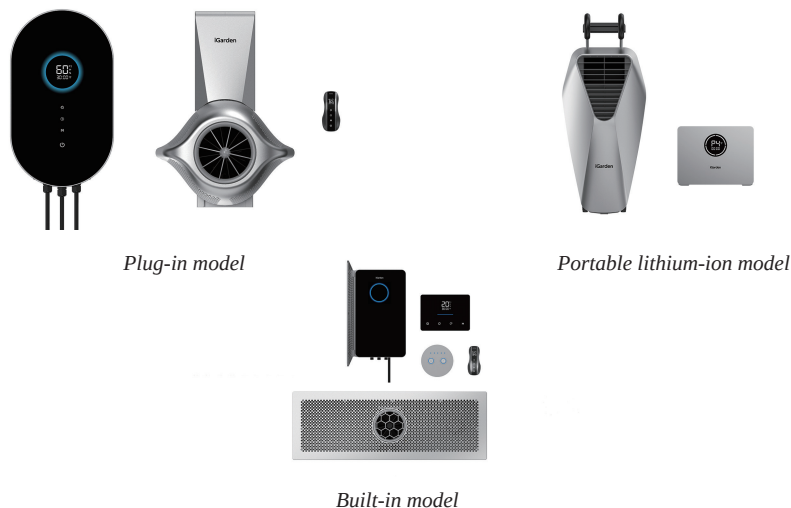
We provide a rich and comprehensive range of intelligent pool cleaning robots to meet the diverse needs of garden users worldwide. As of the Latest Practicable Date, we had five major product series with a total of 67 models, which differ mainly in terms of exterior design. We offer multiple models across each product series with differentiated performance specifications. The following table sets forth the details of key features of our representative models of each series of intelligent pool cleaning robots.

Series	Run time (hours)	Charging time (hours)	Maximum cleaning surface (square meters)	Maximum water depth (meters)	Moving speed (meters per second)	Representative product image
N+4 series . . .	6	3	200	2.5	0.2	
S series	8	6	200	2.5	0.2	
A series	8	8	200	2.5	0.2	
K series	8	3.5	180	2.5	0.2	
M series	20	5	200	2.5	0.2	

BUSINESS

Intelligent swim jet

Our intelligent swim jets are household recreational devices that integrate sports and entertainment. Featuring fluid flow channels, variable-frequency motors and electronic control systems, they deliver entertainment experience for users. We offer three main models of intelligent swim jets, each tailored for different installation scenarios: (i) plug-in model, designed for fixed installation, they are compatible with existing in-ground pools and support long-term use following a single installation. The plug-in power supply satisfies prolonged recreational use in the pool; (ii) portable lithium-ion model, powered by portable energy storage, they are mobile and require no installation, and are compatible with most above-ground and in-ground pools; and (iii) built-in model, powered by plug-in supply for extended operation, they are intended for permanent installation in newly constructed pools to achieve seamless integration with pool design. They enable endless swimming and surfing without occupying additional pool space. All three types of products are available in different power specifications and meet the access certification standards for the European, American, and other major markets. Set below are representative product images of our swim jet products.



(W) Water treatment systems

Our water treatment system products mainly comprise smart salt chlorinators and smart multiport valve, which are specially designed for pool water purification and disinfection to ensure the safety and cleanliness of pool water. A smart salt chlorinator is mainly applied in freshwater salt pools where it can detect water quality in real time, electrolyze salt water to generate disinfectants on demand in real time, and maintain long-term stable water quality. Specifically, it converts salt in the pool water into chlorine through electrolysis, realizing continuous and automatic disinfection of the pool water, reducing the need for manual addition of chemical disinfectants. Our smart multiport valve, as compatible with the mainstream sand filters available in the smart pool equipment industry, can enable our customers to regularly filter impurities, sediments and other pollutants in the pool water without physical filtration. Both products meet the relevant technical standards for pool use and are compatible with different pool sizes and usage scenarios.

As of the Latest Practicable Date, we had six major series of smart salt chlorinators with 30 models. Our premium product series generally features low-salt operation, intelligent inverter technology, and enhanced energy-saving performance. On the premise of maintaining stable water quality, it further improves service life. Meanwhile, it can adapt to the working condition with the lowest salinity and can automatically detect and maintain water quality to ensure that the water quality experienced by end users is closest to tap water.

BUSINESS

Below are representative product images of our smart salt chlorinators and smart multiport valve.



Smart salt chlorinator



Smart multiport valve

Smart Lawn Equipment

Intelligent lawn mowing robots

We have progressively expanded into the smart lawn equipment sector during the Track Record Period. Our product offerings primarily comprise intelligent lawn mowing robots. Our intelligent lawn mowing robots are specialized automatic equipment designed for garden lawn maintenance. They can operate independently to cut grass evenly, adapt to different lawn areas and terrain conditions, and reduce manual maintenance work.

Leveraging our comprehensive navigation technologies integrating RTK, vision, LiDAR and other technologies, our intelligent lawn mowing robots can identify static and dynamic obstacles, adapt to complex terrain, memorize garden layout and maintenance habits, enabling the machine to understand the outdoor environment. Meanwhile, the adaptive power consumption management system analyzes the operating environment in real time and dynamically adjusts power and paths to reduce the operating hours. Our intelligent lawn mowing robots prototype has won the Guinness World Record for the longest running time of a lawn mowing robot of 30 hours.

As of the Latest Practicable Date, we had three series of intelligent lawn mowing robots with ten models. Below sets forth the representative product image of our L series intelligent lawn mowing robots.



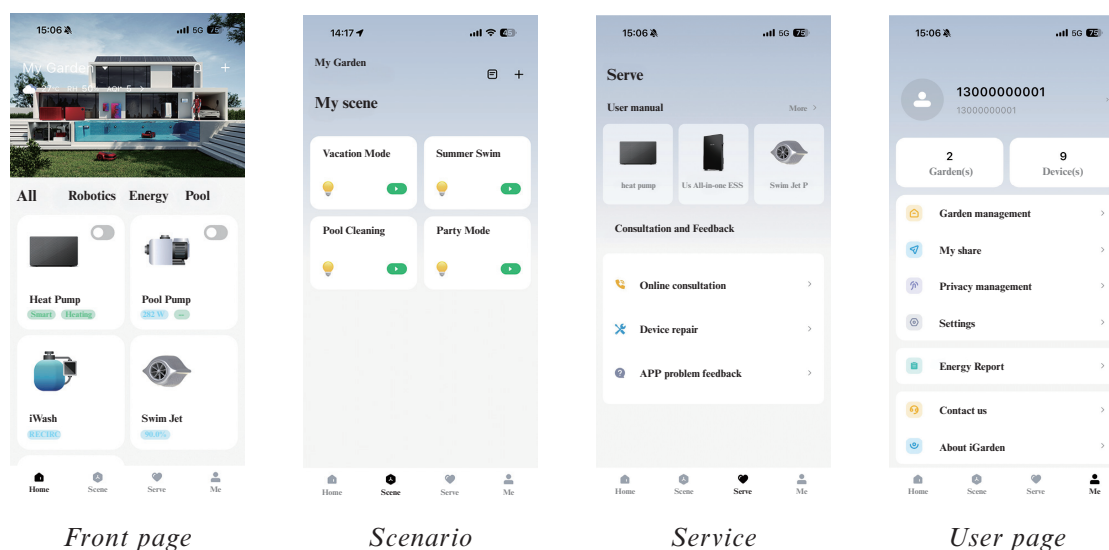
Our L series L AWD model is the world’s first residential lawn mowing robot featuring four-wheel drive and up to eight hours of non-stop mowing, powered by a 235W motor. Its AWD system enables reliable performance on slopes as steep as 70%. Designed with zero-turn steering, the product delivers agile, low-friction obstacle avoidance while minimizing wear and tear. Combined with a low center of gravity for enhanced stability, its steering system is engineered to reduce lawn disturbance during turns, preserving turf quality under typical operating conditions.

BUSINESS

Our Applications

All our smart garden equipment can be connected through our intelligent central control hardware or dedicated applications. Prior to 2024, we relied on a third-party developer platform to provide garden management services to end users, with a total of 197,615 activated devices connected to this platform as of December 31, 2025. In 2023, we initiated the development of our proprietary iGarden App, aiming to deliver a user-friendly and customized experience for users to control and manage their gardens. Following rigorous testing, customer validation and relevant negotiations, we officially launched and promoted the iGarden App in late 2024. As of December 31, 2025, the iGarden App had accumulated a total of 2,063 registered and activated devices.

The following illustrates a certain user interface of the iGarden App.



Upon registration on our iGarden App, users can complete device connection and pairing through the App, realizing unified control and monitoring of all garden devices on a single interface. The App is designed with a user-friendly operation logic and a rich UI interface, supporting real-time device status feedback, intelligent parameter adjustment, timing task setting and scenario mode customization, which not only simplifies the daily management process of the garden but also integrates technology with the garden life, bringing users a more convenient, efficient and intelligent garden management experience. Our iGarden App is engineered to support interoperability with external smart garden equipment and devices. We aim to build a connected global ecosystem for outdoor living by gradually opening up our platform to third-party peripherals in due course. As of the Latest Practicable Date, no third-party devices have been integrated into our application.

Our iGarden App allows users to configure different operating scenarios with a single tap to cater to diverse user needs. For example, under the “Vacation Mode,” when users are about to leave home for an extended period, activating this mode enables the system to power off all pool-related equipment (including heat pumps, water pumps, salt chlorinators and other devices) with one command. This eliminates potential risks arising from prolonged idling or abnormal operation of equipment.

BUSINESS

RESEARCH AND DEVELOPMENT

Overview

We adhere to our long-term vision by consistently prioritizing research and development innovation as a key driver of our market position and business growth. As of December 31, 2025, we employed 442 research and development personnel, accounting for approximately 24% of our total workforce. All core research and development personnel hold bachelor's degrees or higher academic qualification, and seven of them hold doctoral degrees. These core research and development professionals possess years of experience in the relevant scientific research fields, including AI algorithms, intelligent robotic control systems and mechanical engineering, many of whom have outstanding experiences in smart garden equipment industries.

During the Track Record Period, we maintained significant investment in research and development, with expenditures amounting to approximately RMB64.9 million, RMB91.9 million, and RMB142.8 million, for the years ended December 31, 2023, 2024 and 2025, representing 13.3%, 12.0% and 14.0% of our total revenue for the same periods.

Our Key Technologies and Achievements

Our core technological advantages lie in our full-stack in-house developed inverter technology and intelligent control system. We have achieved continuous breakthroughs in key fields including inverter electronic control, robotic navigation and new energy management. Set forth below are certain examples of our key technologies, for which we have obtained relevant patents.

Underlying Full-Inverter and TurboSilence Technologies

Our Full-Inverter and TurboSilence technologies serve as our fundamental core inverter technology, featuring high efficiency, energy saving, stable operation and high compatibility. By integrating high-energy-density battery packs and our self-developed intelligent energy consumption management system, the technology enables adaptive collaborative frequency conversion of built-in multi-motor systems, dynamically adjusting operating power based on real-time load and scenario demands. This not only reduces overall energy consumption and extends equipment service life, but also ensures low-noise and smooth operation, enhancing user experience. Meanwhile, the self-developed technology eliminates external dependence on core control components, supporting flexible iteration and customized optimization to match diverse product scenarios. Leveraging the high scalability and compatibility of our inverter technology, we have achieved cross-scenario and cross-product synergistic application throughout our smart ecosystem, unlocking consistent performance improvements across all key product lines.

AI-Inverter Long-Endurance Technology for Intelligent Pool Cleaning Robots

We have independently developed our AI-inverter long-endurance technology, which focuses on underwater robots, intelligent cleaning algorithms and energy management systems. Leveraging our self-developed electronic control architecture, the technology addressed long-standing industry challenges of conventional wireless robotic pool cleaners, including short endurance, unstable suction and low coverage and inadequate obstacle avoidance and cleaning performance. We possess in-house research and development and manufacturing capabilities for intelligent wireless electronic control systems. The prototype of our technology has set a Guinness World Record for endurance of 40 hours and has obtained TÜV Rheinland Deep Cleaning Performance Certification, establishing our leading global position in intelligent underwater cleaning technology.

Centered on high-efficiency battery systems, fluid power engineering and multi-dimensional intelligent perception, the technology delivers a number of key innovations. We employ a full DC inverter adaptive power system and AI-powered energy consumption management, enabling our mass-produced models to operate continuously for up to 15 hours, approximately five times the industry average endurance. Our AI inverter dual-pump architecture adaptively adjusts suction power based on debris type and dirt density to achieve efficient deep cleaning. Our dual-camera 3D vision system, combined with 3D S-path intelligent path planning, accurately identifies pool structures and obstacles to achieve full-coverage, obstacle-free cleaning. We also integrate a dual-layer anti-clogging

BUSINESS

filtration system that enhances cleaning efficiency while sustaining stable suction. Overall, our technology offers performance substantially superior to traditional industry solutions in endurance, power, navigation and cleaning reliability.

AI Intelligent Inverter Turbo Silent Technology

We have independently developed the AI Intelligent Inverter Turbo Silent Technology, which applies to pool heating, intelligent inverter energy conservation and IoT AI control. As the inventor of the full DC inverter pool heat pump and a Guinness World Records title holder for the most energy-efficient and quietest heat pump prototypes globally, we have evolved core technology from hardware inverters to underlying algorithmic logic inverters. We are currently one of the few global heat pump manufacturers integrating full-time AI dynamic optimization logic with rapid heating and ultra-low noise operation, addressing the industry's longstanding limitations of low energy efficiency, environmental constraints, and restricted year-round operational capability.

The technology integrates a full-inverter control system with AI algorithms to optimize heat pump operation. It is equipped with high-precision sensors and cross-product linkage algorithms to real-time analyze external temperature, water temperature and flow rate, enabling predictive heating and active energy conservation. Our self-developed inverter driver chip adjusts compressor frequency and fan speed in milliseconds, improving average operating energy efficiency to two to three times that of the industry and achieving approximately seven times quieter performance than ordinary heat pumps during constant temperature operation. Our mass-produced models reach a COP of 16 to 30, exceeding five to seven times of conventional fix-speed heat pump. It operates across a full climatic range of -20°C to 43°C, and supports linkage with our Garden Intelligent Agent to enable intelligent energy scheduling alongside photovoltaic and energy storage systems. We have independent research and development and production capabilities for the full DC inverter electronic control system, with 76 domestic and foreign patents and a series of software copyrights covering core technologies. Our core technology modules have also been deployed across pool and lawn robots, and wave-making systems, forming a comprehensive technology portfolio.

InverTurbo Intelligent Frequency Conversion Wave-Making Technology

InverTurbo frequency conversion technology innovatively adopts an industrial-grade IE5 energy-efficiency permanent magnet synchronous motor, providing higher energy efficiency and more stable power output compared with traditional motors. Combining with the intelligent control of the full frequency conversion drive system, it realizes smooth adjustment of water outlet speed, satisfying the demands of different intensity sports and entertainment. The technology also reduces internal water flow resistance and energy consumption through patented flow channel design, converting power into a powerful water flow of up to 240 m³/h. This technology obtained the award of TIME's "Best Inventions of 2025" and was already equipped on our intelligent swim jet models.

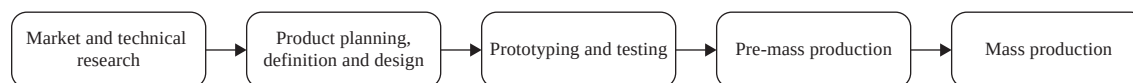
LiDAR+AI Intelligent Navigation and Power Endurance Technology for Lawn Mowing Robots

Our in-house developed variable-frequency technological algorithms are innovatively applied to the power systems of our intelligent lawn mowing robots. Leveraging large-capacity batteries, high-efficiency motors, as well as LiDAR and AI vision fusion navigation technologies, the solution enables high-precision operation. In respect of the LiDAR SLAM (Simultaneous Localization and Mapping) algorithm, the robot can generate real-time 3D point cloud maps of garden scenarios. Equipped with autonomous path planning and multi-target recognition capabilities, it can sensitively detect and avoid physical obstacles to ensure operational safety. The relevant technology has secured a Guinness World Record for the longest operating duration among robotic lawn mowers.

BUSINESS

Our Research and Development Process

Our research and development process follows a structured approach, from market and technical research development to product launch, ensuring that all projects meet technical, quality and timeline expectation.



Each research and development project of new products undergoes the following stages:

- **Market and technical research:** We define the development objectives, rationale and feasibility of each project based on end-customer demands. Our research and development concepts typically derive from our strategic planning or market customer requirements, supported by market demand analysis and technical feasibility assessment. We systematically translate customer needs into executable product development plans for subsequent development workflows.
- **Product planning, definition and design:** This stage ensures full alignment between business objectives, identifies core end-user demands, and establish design guidelines for follow-up research and development work.
- **Prototyping and testing:** we develop physical prototypes and conduct a series of internal tests including but not limited to quality department testing, factory testing and end-customer validation tests. This stage is designed to verify core product functionalities and ensure full coverage and resolution of customer pain points.
- **Pre-mass production:** we optimize potential issues identified in the preceding testing procedures and further evaluate the manufacturability of product processes. We carry out pilot production and pilot scale-up respectively, and potential defects and issues arising during these processes are constantly monitored and optimized to ensure the reliability of products. We confirm the reliability and functionality of our products before the large-scale market launch.
- **Mass production:** we ensure a smooth transition from research and development to production through trial production validation, before granting final approval for full-scale mass production and commercial market delivery.

MANUFACTURING

Manufacturing Facilities

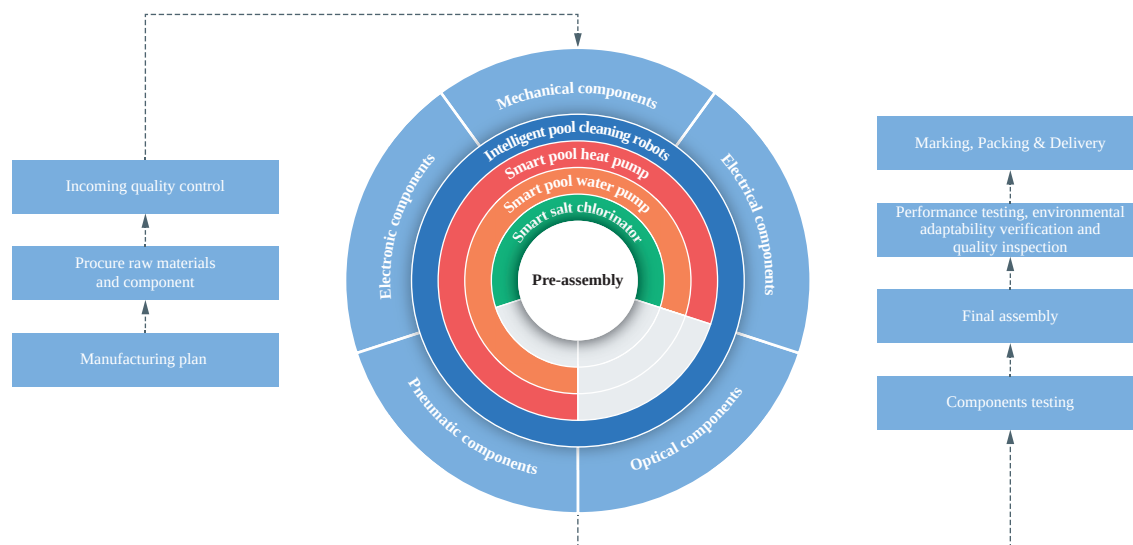
During the Track Record Period, we manufactured our products at our three owned production bases in China. The table below sets forth details of our manufacturing facilities as of December 31, 2025.

Facility	Location	Gross floor area (square meters)	In operation since	Primary products manufactured
Foshan production base	Foshan, Guangdong Province, the PRC	28,255	2018	Primarily smart pool heat pumps, intelligent pool cleaning robots and intelligent lawn mowing robots
Panyu production base	Guangzhou, Guangdong Province, the PRC	29,392	2017	Primarily smart pool water pump, smart salt chlorinator, intelligent swim jet and smart multiport valve
Huangpu production base	Guangzhou, Guangdong Province, the PRC	10,080	2023	Primarily smart pool water pumps and intelligent lawn mowing robots

BUSINESS

Manufacturing Process

We have adopted a standardized and integrated production process for our core products. The process covers steps such as precision component procurement, core module assembly (such as electric motors and intelligent frequency conversion control systems), rigorous performance testing, environmental adaptability verification and quality inspection, with strict compliance with international product certification standards in each step to ensure the high quality and stable performance of finished products. The following diagram illustrates the key steps of our manufacturing process.



During the Track Record Period, we outsourced a small portion of non-core manufacturing procedures to third-party manufacturers, mainly including surface mounting and surface spraying processes. These outsourced procedures are commoditized manufacturing processes available in the industry, do not involve our core manufacturing techniques or proprietary technologies, and carry no substantial technical barriers. We select and engage experienced outsourced manufacturers to undertake such standard processes mainly for cost optimization purposes. During the Track Record Period, all these outsourced manufactures are independent third parties from us, and procurement amounts from these outsourced manufacturers accounted for less than 1% of our total cost of sales. We adopt stringent quality control measures and full inspections for all delivered products from our outsourcing partners to ensure product compliance. During the Track Record Period, we have not encountered any material quality defects, product failures or commercial disputes in relation to the goods supplied by these third-party outsourced manufacturers.

Collaborative production

To enhance our global development strategy, we entered into a contract manufacturing partnership for smart pool heat pumps production with a local enterprise in Thailand in 2025. We expect to commence such collaborative production in May 2026 with an initial annual production volume of approximately 4,000 smart pool heat pump units in 2026, and scale up the annual production volume to approximately 10,000 units starting from 2027.

Under our cooperation model, we retain ownership and control over all critical elements of the production process, including product designs, production equipment, intellectual property rights and proprietary technical know-how. Such assets are licensed to the local partner solely for the manufacture of products under this collaboration. On our part, we will supply partially assembled modules and key components to the Thailand production base, and deploy complete production lines, specialized manufacturing equipment and a dedicated product testing laboratory to ensure that the quality and technical standards of the products manufactured in Thailand are consistent with those of the products manufactured at our domestic production bases. The local partner, in turn, will provide essential production resources, including factory premises, necessary utilities (including electricity and water) and on-site production labor, and will be responsible for the final assembly, performance testing and standardized packaging of the finished heat pumps, all of which shall be conducted in

BUSINESS

strict compliance with our unified technical specifications and quality control protocols. As the collaboration with our local partners deepens, we plan to gradually procure certain raw materials from local suppliers in Thailand.

Production Capacity and Utilization Rates

The following table sets forth the estimated production capacity, actual production volume and utilization rate of our major products for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Energy management products⁽¹⁾			
Designed production capacity (unit) ⁽⁴⁾ ..	242,000	286,000	333,000
Production volume (unit)	63,058	109,645	178,003
Utilization rate (%)	26.1	38.3	53.9
Intelligent robotic products⁽²⁾			
Designed production capacity (unit) ⁽⁴⁾ ..	33,800	62,400	122,200
Production volume (unit)	16,251	39,538	69,126
Utilization rate (%)	48.1	63.4	56.6
Water treatment systems⁽³⁾			
Designed production capacity (unit) ⁽⁴⁾ ..	5,720	11,440	27,170
Production volume (unit)	1,817	9,182	20,467
Utilization rate (%)	31.8	80.3	75.3

Notes:

- (1) The calculation of production capacity and volume include smart pool heat pumps and smart pool water pumps.
- (2) The calculation of production capacity and volume include intelligent pool cleaning robots.
- (3) The calculation of production capacity and volume include smart salt chlorinator.
- (4) Each sector's designed production capacity is calculated by taking into account the production lines for different products, annual working hours, as well as the number of personnel and equipment deployed.
- (5) Utilization rate is calculated as the actual production volume divided by the designed production capacity.

We dynamically adjust the production capacity of each of our products based on our customer orders and market expectations. For instance, we expanded the production capacity across all our product lines in 2025, with a particular focus on intelligent robotic products, in response to positive market outlook and anticipated future order demand. The primary reason for the relatively low capacity utilization rate of our energy management products in 2023 was that our principal market for such products was Europe. In the second half of 2022, our orders declined as a result of the Russia-Ukraine conflict. During 2023, our customers focused primarily on consuming their existing inventory, which resulted in the low utilization rate for the year. Meanwhile, we newly launched our robotic and water treatment system products in 2023 and made advance investments in production capacity, which resulted in relatively low utilization rates for these two sector in 2023.

Major Machinery and Equipment

During the Track Record Period, our major machinery and equipment included various types of equipment used in the production processes such as mounting, bending, welding, testing and packaging. As of the Latest Practicable Date, we owned all the machinery used in our production. Our major equipment generally have useful lives of approximately five to ten years.

We believe that our equipment are maintained in good operating condition and have implemented relevant procedures and guidelines in respect of the operation, management and maintenance of our equipment. We carry out periodic inspections, repairs and maintenance on our equipment. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged disruption to our production as a result of technical failure or shut-down of our equipment.

BUSINESS

SALES, MARKETING AND CUSTOMERS

Substantially all our revenue was derived from overseas markets, spanning more than 100 countries. The following table sets forth our revenue breakdown by major geographical regions (based on location of customers) for the period indicated.

	Year ended December 31,					
	2023		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Outside Chinese						
Mainland						
– Europe ⁽¹⁾	218,207	44.7	376,045	49.2	526,913	51.8
– Oceania ⁽²⁾	137,878	28.2	126,324	16.5	172,547	17.0
– North America ⁽³⁾	83,736	17.1	123,524	16.2	160,075	15.6
– South America ⁽⁴⁾	24,676	5.1	85,684	11.2	88,179	8.7
– Asia ⁽⁵⁾	12,214	2.5	29,952	3.9	47,795	4.7
– Africa ⁽⁶⁾	7,165	1.5	13,137	1.7	11,746	1.2
Subtotal	483,876	99.1	754,666	98.7	1,007,255	99.0
Chinese Mainland	4,293	0.9	10,044	1.3	10,180	1.0
Total	488,169	100.0	764,710	100.0	1,017,435	100.0

Notes:

- (1) Primarily included France, Germany, Italy, Spain, Belgium, United Kingdom and others.
- (2) Primarily included Australia, New Zealand, and others.
- (3) Primarily included the United States, Canada, Mexico, Puerto Rico, Guatemala, and others.
- (4) Primarily included Brazil, Argentina, Colombia, Chile, Peru, and others.
- (5) Primarily included Japan, South Korea, India, Malaysia, Thailand, and others.
- (6) Primarily included South Africa, Morocco, Egypt, Algeria, Ghana, and others.

We have adopted a global, multi-faceted marketing and sales strategy and built a professional, tiered sales organization to support our global business expansion. We have established regional branches in key markets including Europe and North America, and built a distribution channel and after-sales support network, with our partners spanning more than 100 countries and regions to achieve extensive reach in the global market. Guided by a brand and solution-centric approach, we anchor our core brand philosophy on intelligent garden and integrated outdoor living solutions, integrating our product strengths with real user scenarios and elevating brand market awareness through a combined online and offline promotion activities. We drive our market development with both technology and quality, operating a product quality system that meets international certification standards such as TÜV and AHRI, and solidifying market trust through the high performance and reliability of our products. We also implement localized operations with global synergy, formulating differentiated strategies based on the market regulations, customer habits and competitive dynamics of different regions. For example, we offer solutions aligned with local energy efficiency standards and service response requirements for the North American market, and highlight our advantages in energy efficiency and green certifications for the European market.

As of December 31, 2025, our sales and marketing personnel amounted to 196, including teams dedicated to overseas and domestic sales, marketing support and consumer operations. Our sales team is equipped with industry experience and professional capabilities. For example, most of our sales team for our overseas market has three to 16 years of

BUSINESS

experience in cross-border trade, distribution channel management and key customer development, with the understanding of the regulatory compliance, import requirements and product certification rules of target markets. Our sales teams for domestic market boast product expertise, brand promotion and digital marketing capabilities, enabling quick responses to evolving market trends.

Leveraging our overseas branches and local partner networks, we provide localized product demonstrations, pre-sales support and after-sales services, which boost customer satisfaction and market penetration.

Sales Model

We operate through two sales models: our own-brand sales focused on building long-term brand value, and ODM sales as a complementary channel. Each model is tailored to capture different market opportunities and mitigate risks, ensuring sustainable growth and market expansion. The following table sets forth the revenue breakdown by our major sales models for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Revenue	% of revenue	Revenue	% of revenue	Revenue	% of revenue
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Own-brand sales						
– Distribution sales . . .	179,767	36.8	359,769	47.0	505,909	49.7
– Direct online sales . . .	–	–	–	–	12,959	1.3
– Others ⁽¹⁾	2,480	0.5	2,972	0.4	3,359	0.3
Subtotal for own-brand sales	182,247	37.3	362,741	47.4	522,227	51.3
ODM sales	305,922	62.7	401,969	52.6	495,208	48.7
Total	488,169	100.0	764,710	100.0	1,017,435	100.0

Note:

- (1) It primarily comprises small-batch sample sales to prospective customers for testing and qualification verification purposes.

Own-brand sales

To build direct market presence and enhance brand value, we sell product under our four proprietary brands, namely iGarden, FAIRLAND, AQUARK and AQUAGEM. These brands have gradually built a reputation and gained recognition from customers in the global garden equipment market.

(i) Distribution sales

We primarily sell our own-branded products through established regional distributors, who further resell our products to sub-distributors, third-party engineering installers and end customers. Our primary products, including smart pool heat pumps, smart pool water pumps and smart salt chlorinations, require on-site professional installation by virtue of their product nature. Therefore, our global sales rely on local distributors, which are primarily responsible for product installation and after-sales services. These distributors serve as key channel partners across various overseas regional markets. Our core distributors generally possess well-established sales channels and abundant local resources in their respective regional markets; in addition to distributing our products, they also assist us in conducting localized brand promotion initiatives to enhance our market presence and brand recognition in target regions. This distributorship model allows us to scale market coverage while ensuring professional support for our customers and upholding our brand reputation. As advised by Frost & Sullivan, this distributorship model is in line with the industry norm.

BUSINESS

Our relationship with our distributors is that of seller and buyer. Title to our products passes to the distributors upon the acceptance of goods. During the Track Record Period, we did not enter into long-term distribution agreements with most of our distributors. Specific terms governing specific product categories, pricing, quantities and delivery for each shipment are set out in individual purchase orders and invoices. The following table summarizes the key commercial terms applicable to our distribution arrangements during the Track Record Period:

Distribution area	:	Distributors are generally required or recommended to sell the products within specific countries.
Product and specification	:	Having considered the distributor’s geographic coverage and market reach, the authorized brands and corresponding product models are confirmed between us.
Purchasing target	:	Having regard to the market conditions within their designated territories, we set annual purchasing targets with distributors. Tiered price discounts are offered based on their achievement of such targets. We may consider terminating our cooperation should a distributor consistently fail to meet the prescribed targets.
Pricing	:	We generally provide our distributors with a recommended retail price guideline for resale purposes.
Sub-distributors	:	We generally do not prohibit our distributors from appointing sub-distributors.
Payment method and terms	:	We adopt a milestone-based phased payment structure aligned with shipment progress, covering order placement, dispatch and delivery stages. The specific payment milestones for each batch are set forth in separate purchase orders. We generally require settlement by telegraphic transfer.
Transportation and delivery	:	We are generally responsible for delivering the products to the place designated by the distributors. Specific shipping arrangements for each batch are stipulated in individual purchase orders, with shipments generally made on an FOB basis.
Product return	:	Except for returns due to material quality defects, we generally do not accept returns from our distributors. As advised by Frost & Sullivan, our return policy is in line with the industry norm.

Meanwhile, we entered into written exclusive distribution agreements with certain distributors for exclusive sale of our specified product series in defined regions. Save for additional provisions governing exclusivity, the principal terms of such agreements were substantially consistent in all material respects with the contractual arrangements we had with other aforementioned distributors during the Track Record Period.

BUSINESS

Distributor movement

The following table sets forth the movement of our distributors during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	207	258	308
Newly added distributors ⁽¹⁾	178	145	851
Terminated distributors ⁽²⁾	127	95	120
Number of distributors at the end of the year	258	308	1,039

Notes:

- (1) The number of new distributors represented the number of distributors which transacted with us during the present year, but did not transact with us in the previous year.
- (2) The number of terminated distributors represented the number of distributors which transacted with us in the previous year, but did not transact with us during the present year.

We recorded an increase in the number of our distributors in 2025, mainly as a result of our acquisition of five distributors with sales channel resources. We consolidated 706 distributors through such acquisitions, most of whom are small-scale local dealers.

During the Track Record Period, we terminated cooperation with certain distributors when the overall sales performance appeared to be dissatisfactory. Such terminations were mainly in the circumstances where: (i) we identified that the market capacity of certain regional markets was limited and an excessive number of distributors would likely give rise to internal competition; and (ii) distributors exhibited weak sales capabilities and failed to meet the agreed purchasing targets on a consistent basis. In addition, certain distributors have naturally terminated cooperation with us during the Track Record Period, primarily due to changes to their overall business and procurement structure following their acquisition by other industry players. No termination of distribution cooperation during the Track Record Period arose from material disputes between us and the relevant distributors or product quality defects on our part.

Distributor management

We have established a diversified distributor network, the management of which forms a key part of our operations. Sub-distributors are managed directly by our respective distributors, and we do not directly participate in their daily operations, nor have we entered into the contractual arrangement with them. However, we regularly monitor the overall sales performance, inventory levels and market coverage of the sub-distribution network through our distributors.

Our general management policies for core distributors are set forth below:

- ***Distributor development.*** We develop distribution channels through independent development, online promotion, offline exhibitions and customer referrals, and review the qualification, credit status and market influence of each distributor to ensure that they have the corresponding installation and after-sales capabilities. We have established a complete distributor filing system, and all cooperative distributors have passed our qualification review, including product familiarity, regional coverage capabilities and after-sales service capabilities, to ensure that they can undertake product promotion and after-sales responsibilities.
- ***Distributor review.*** We have established a distributor review mechanism for core distributors to maintain the quality and efficiency of our distribution network, with evaluation covering sales performance, inventory levels and after-sales service quality. We generally provide our distributors with reference retail prices and conduct ongoing market price monitoring. We maintain close

BUSINESS

communication with distributors regarding their sales performance and inventory and provide targeted support to ease inventory pressure where necessary, such as through joint regional marketing and promotional initiatives.

- ***Local marketing and brand promotion initiatives.*** We collaborate with distributors on localized marketing and brand promotion to enhance our product influence in target regions. Together, we develop regional marketing plans tailored to local market characteristics, consumer habits and competitor dynamics, providing appropriate marketing support, such as brochures, promotional videos and booth designs. We also partner with distributors to participate in local industry exhibitions and trade fairs to showcase our smart garden equipment and technological advantages, expanding brand exposure. Additionally, we support distributors in local online promotion to jointly develop the market and achieve win-win cooperation.
- ***Distributor discount policies.*** We have a standardized discount policy to incentivize distributor purchases and sales. Discount policies provided to our distributors primarily include: (i) early buying discounts: we offer a percentage discount to distributors who place orders in advance during the off-season or prior to new product launches, helping us plan production and inventory and reduce capital occupation; and (ii) purchase volume-based discounts: we have a tiered discount system tied to distributors' annual cumulative purchase volume, with higher discount rates for larger volumes and specific ratios being confirmed at the start of each fiscal year.
- ***Channel stuffing measures.*** We have implemented measures to prevent channel stuffing, with a focus on reasonable purchase target setting, regular inventory supervision, proactive overstock management and return controls. We set annual purchasing targets for each distributor based on their historical sales performance, local market size and growth potential, ensuring the targets are achievable and not overly burdensome. During the cooperation period, we conduct regular supervision of distributors' inventory through communications and on-site visits. At the same time, we assist distributors in clearing slow-moving inventory through localized promotional activities and marketing initiatives; we view this as a valuable measure to support our continuous expansion in local markets, as it helps maintain market vitality and enhance brand acceptance. We also have a return policy that we do not allow distributors to return products due to poor sales, except in cases of material quality issues, which are subject to verification by our technical and quality departments to ensure the policy is enforced consistently and to prevent channel stuffing through malicious returns.
- ***Cannibalization risks measures.*** We have implemented a series of measures to mitigate cannibalization risks among our distributors. When appointing new distributors in a given region, we conduct an assessment of local market demand and existing distribution coverage to avoid excessive concentration of distributors and excessive intra-network competition. In addition, for distributors operating in adjacent regions or with overlapping market reach, we may adjust product configurations and model specifications according to regional market characteristics and consumer preferences. This enables our distributors to develop differentiated competitive positioning and further reduces direct competition among them. Meantime, we are open to receiving reports from distributors concerning any unauthorized product sales activities. We will respond to such reports and conduct follow-up communications to solve the conflicts.
- ***Payment collection supervision.*** We enforce payment collection supervision to ensure the timely recovery of funds, minimize bad debt risks, and maintain healthy cash flow. Dedicated financial and sales personnel are assigned to monitor the payment collection progress for each order, and our ERP system automatically triggers payment reminders as the payment deadline approaches to avoid oversight. The finance department compiles detailed reports of overdue payments on a monthly basis, classifies overdue cases by severity, and imposes fines in accordance with our formal policies. For orders requiring pre-production or pre-shipment payment, we verify the payment receipt status before initiating production or delivery processes.

BUSINESS

Based on the above, we believe we have a sufficient and effective distributor management system. However, we cannot guarantee that we can mitigate all distributor-related risks. For further details, please refer to “Risk Factors — Risks Relating to our Business and Industry — We rely on our distribution network to promote and sell our products and generate a significant portion of revenue from our distributors. We may not be able to effectively manage and develop our distribution network, which could adversely affect our brands, operations and results of operations.” in this document.

As we regard our distributors as important partners rather than merely product resellers, they assist us in expanding our sales channels across overseas markets. We also seek opportunities to pursue deeper collaboration with these distributors, such as investing in or acquiring core distributors, to further expand our market share in key markets, enhance our brand strength and improve profitability. During the Track Record Period, we invested in and subsequently acquired five distributors to expand our sales channels. Save for these five distributors (in which we previously held minority equity interests during the Track Record Period and which have been fully acquired by us as of the Latest Practicable Date), to the best knowledge of the Directors, all other distributors were independent third parties throughout the Track Record Period and none of them were controlled by any of our employees, and none of them had any business, employment, family or financing relationships with any of our Directors, substantial Shareholders, senior management and employees. The terms governing our transactions with these five distributors during the Track Record Period were substantially consistent with those applicable to our other independent distributors.

(ii) Direct online sales

Since 2025, we have commenced online direct sales to end customers for a small volume of non-installation products, primarily our intelligent robotics products that require no professional installation. We utilize both online third-party e-commerce platforms (primarily Amazon) and our own websites for direct sales, enabling us to engage directly with garden owners, gather real-time market insights, and strengthen brand recognition among end users.

In respect of our sales on Amazon, we primarily adopt the Amazon SC program. Specifically, we operate as a third-party authorized seller on the Amazon platform, offering our products directly to end customers worldwide. Meanwhile, we procure a series of supporting services from Amazon, including platform operational services and Amazon logistics, as well as targeted advertising services, and pay corresponding service fees in consideration of such support.

ODM sales

The ODM model serves as another cornerstone of our revenue structure. Our ODM customers primarily consist of brands owners of smart garden equipment in overseas markets. Leveraging our strong research and development capabilities and mature manufacturing system, we provide customizations of products tailored to our ODM customers’ understanding of local market preferences, regional regulatory requirements and end-user demands. Typical customization scope includes optimized cell design, customized on-screen display content, and adjustments to selected product technical specifications. Our electronic control systems, as our core technical components, are generally not customizable. Specifically, we design customized products upon receipt of customers’ requests. Following confirmation with customers on the design and product parameters, we will proceed with production scheduling, procurement, manufacturing, testing and final delivery. ODM customers then market and sell the products under their own brands. We also provide ODM customers with technical training, promotional support and other related services.

BUSINESS

We generally do not enter into framework agreements with our ODM customers; instead, commercial cooperation is governed by separate project-specific or order-by-order contractual arrangements, which set out key terms such as the scope of customization, technical specifications, quality standards, pricing, payment terms, delivery schedules and intellectual property provisions. Under the relevant contractual terms, customized ODM products are manufactured for the relevant customers, and we are not permitted to supply such tailored products to any third parties. The following sets forth a summary of salient terms for our typical arrangements with ODM customers:

Customized products	:	We generally agree upon the specifications of customized products, including appearance design, on-screen display content, operating modes, and other aesthetic and technical parameters.
Exclusivity	:	We are generally restricted from providing, licensing or selling the customized products to other customers in the specific territories.
Minimum purchase amounts	:	We generally agree upon a minimum purchase amounts. If an ODM customer fails to consistently meet the minimum purchase amounts requirements, we have the right to terminate the exclusive supply arrangement under the relevant contractual terms and may sell such customized products to other customers in the relevant territories.
Intellectual property rights	:	Customized products are sold under the ODM customer’s brand. ODM customers is not allowed to reverse engineer, modify, or replicate the protected features with our prior written consent.
Termination	:	The agreement may be terminated by mutual written consent of both parties; each party is entitled for unilateral termination should any material breach of contract by the other party.

Pricing

We adopt a market-oriented pricing strategy that balances competitive positioning with profitability objectives across our diverse product portfolio and geographic markets. Our approach takes into account multiple factors, including customer preferences, cost structures, business development goals, market maturity, competitive landscapes, and currency exchange rates.

After-sale services

Our after-sales service arrangements for overseas markets are primarily undertaken by our authorized distributors in respective regions, while we provide them with timely and professional technical support and accessories on an ongoing basis. In the event of technical product faults, our technical department will intervene and coordinate with local distributors to diagnose the technical problems and arrange on-site after-sales solutions for end customers, such as the replacement of defective components and parts. Meanwhile, given the stringent local requirements for sales training and technical support services in the French market, we have established a French subsidiary and an after-sales service center to expedite our brand penetration. End customers of our own-brand products may also submit online service requests through multiple channels, including our official website and mobile application. Upon receiving customer service enquiries, our team will promptly log and conduct an initial assessment of the underlying causes as well as refer the requests to relevant distributors for on-site after-sales services if needed. For straightforward operational and usage-related issues, our customer service team will provide online guidance and remote solutions to end customers in a timely manner. Our customer service and technical teams will follow up the after-sales handling process to ensure efficient resolution of end customers’ service needs and safeguard customer experience and satisfaction.

BUSINESS

For our online direct sales, which mainly cover products that do not require professional installation, our dedicated online customer service team responds promptly to customer requests and provides assistance with pre-sales consultation, delivery arrangement and other relevant matters. Should customers require technical after-sales support, our online team will promptly escalate the cases to our professional technical support team. In addition, our online customer service team conducts regular post-service follow-up surveys to ensure customer demands are addressed in an effective and timely manner.

Seasonality

Our sales of smart pool equipment are subject to seasonal fluctuations, driven primarily by outdoor swimming and pool usage habits in overseas markets. Demand generally peaks in the fourth quarter of each year to support pre-season stocking by downstream customers, ahead of the peak summer pool season in the following year across major overseas regions.

Major Customers

Our customers primarily comprise: (i) distributors for our own-branded products, which are primarily channel distributors of smart garden equipment in the PRC and overseas markets; (ii) ODM customers, which are mainly brand owners and channel distributors of smart garden equipment in overseas markets; and (iii) individual consumers, whose purchases through our online platforms only account for a small portion of our total revenue during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, our revenue from our five largest customers amounted to RMB172.2 million, RMB244.2 million and RMB335.7 million, accounted for 35.3%, 31.9% and 32.9% of our total revenue for the same period, respectively. For the years ended 2023, 2024 and 2025, purchases from our largest customer amounted to RMB83.8 million, RMB61.0 million and RMB98.3 million, accounted for 17.2%, 8.0% and 9.7% of our total revenue for the same period, respectively.

BUSINESS

The following tables set forth details of our top five customers for each period during the Track Record Period in terms of revenue:

Customer	Backgrounds	Products/services sold	Major sales model	Credit terms	Commencement of business relationship	Payment method	Revenue <i>RMB'000</i>	% of total revenue for the period %
For the year ended December 31, 2023								
Customer A	A private company incorporated in Australia, that primarily engages in business of providing heat pumps, pool heating equipment and smart home and energy solutions	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 to 120 days after sending Bill of Lading	2018	Bank transfer	83,796	17.2
Customer B ⁽¹⁾	A Group of companies, comprising two private companies incorporated in the United States and Canada, respectively. These companies are primarily engaged in the design, research and development, production and sale of pool equipment	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 to 120 days after sending Bill of Lading	2020	Bank transfer	28,826	5.9
Customer C	A private company incorporated in Belgium, that primarily engages in the research and development, production, wholesale distribution, import and export of pool equipment, accessories and water treatment chemical products	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	Distribution	Payment by installments, with final payment before sending Bill of Lading	2010	Bank transfer	25,779	5.3
Customer D	A private company incorporated in Mexico, that primarily engages in the design, production and wholesale of water management systems and equipment	Smart pool heat pump	ODM	Payment by installments, with final payment before loading	2011	Bank transfer	17,198	3.5
Customer E	A company incorporated in Spain and listed on Bolsas y Mercados Espanoles, that primarily engages in the research and development, manufacturing and sales of various pool equipment, spa systems water treatment equipment	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 days after sending Bill of Lading	2019	Bank transfer	16,629	3.4
Total							172,228	35.3

BUSINESS

Customer	Backgrounds	Products/services sold	Major sales model	Credit terms	Commencement of business relationship	Payment method	Revenue <i>RMB'000</i>	% of total revenue for the period %
For the year ended December 31, 2024								
Customer A	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 to 180 days after sending Bill of Lading	2018	Bank transfer	61,030	8.0
Customer B ⁽¹⁾	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 days after sending Bill of Lading	2020	Bank transfer	58,327	7.6
Customer C	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	Distribution	Payment by installments, with final payment before arriving at the port	2010	Bank transfer	46,582	6.1
Customer F	A company incorporated in the United States and listed on NASDAQ, that primarily engages in wholesale of swimming pool equipment and outdoor recreational products	Smart pool heat pump, smart pool water pump	Distribution	Payment by installments, with final payment 7 days before arriving at the port	2011	Bank transfer	42,020	5.5
Customer E	As stated above	Smart pool heat pump, smart water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 days after sending Bill of Lading	2019	Bank transfer	36,197	4.7
Total							244,156	31.9

BUSINESS

Customer	Backgrounds	Products/services sold	Major sales model	Credit terms	Commencement of business relationship	Payment method	Revenue <i>RMB'000</i>	% of total revenue for the period %
For the years ended December 31, 2025								
Customer A	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 to 210 days after sending Bill of Lading	2018	Bank transfer	98,272	9.7
Customer F	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	Distribution	Payment by installments, with final payment 7 days before arriving at the port	2011	Bank transfer	82,762	8.1
Customer E	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 days after sending Bill of Lading	2019	Bank transfer	59,341	5.8
Customer C	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	Distribution	Payment by installments, with final payment after arriving at the port	2010	Bank transfer	57,421	5.6
Customer B ⁽¹⁾	As stated above	Smart pool heat pump, smart pool water pump, intelligent pool cleaning robots	ODM	Payment by installments, with final payment within 90 days after sending Bill of Lading	2020	Bank transfer	37,934	3.7
Total							335,730	32.9

Note:

- (1) Comprising Moov Pool Products Inc. and another entity. We indirectly held minority shares in Moov Pool Products Inc. since 2023, and acquired additional interests up to 85% in June 2025. For details, please refer to “History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers — Acquisition of 9485-8701 Quebec Inc.” for details.

As of the Latest Practicable Date, save as disclosed above, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers.

BUSINESS

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, certain of our overseas customers (the “**Relevant Customer(s)**”) settled payments to us through third-party payors (the “**Third-Party Payer(s)**”) pursuant to the third-party payment arrangements (the “**Third-Party Payment Arrangements**”). For the years ended December 31, 2023, 2024 and 2025, the number of the Relevant Customers was 19, 28 and 27, respectively. The aggregate amount of third-party payments (the “**Third-Party Payments**”) received from such Third-Party Payors for the same years amounted to RMB21.2 million, RMB17.3 million and RMB9.3 million, accounting for approximately 4.3%, 2.2% and 0.9% of our total revenue for the same respective years. To the best of our knowledge, none of the Relevant Customers, Third-Party Payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with our Company, our subsidiaries, shareholders, directors or senior management, or any of their respective associates.

Third-Party Payment Arrangements

We did not proactively propose such Third-Party Payment Arrangements during the Track Record Period; instead, we accepted these payments at the request of our Relevant Customers, primarily through our subsidiaries in Chinese Mainland and Hong Kong. All Third-Party Payments were initiated by Relevant Customers to accommodate their own objective commercial needs, having considered: (i) group treasury management. Certain Relevant Customers, being corporate groups, arrange for their shareholders, subsidiaries, branches or affiliated entities to centralize funds and effect payments on their behalf to improve internal capital efficiency; (ii) foreign exchange restrictions. Certain overseas Relevant Customers are subject to foreign exchange controls in their jurisdictions that restrict direct outward payments, requiring them to appoint third parties with cross-border payment capabilities to settle payments on their behalf; or (iii) business arrangements to improve operational efficiency, under which such third parties settle purchase payments as part of mutual business coordination. As advised by Frost & Sullivan, such arrangements are not uncommon in the industry.

Under the Third-Party Payment Arrangements, we strictly issue invoices in the name of the contracted customers, consistent with the actual transaction parties. Third-Party Payments merely constitute a settlement method for the Relevant Customers to fulfill their payment obligations. We do not grant any discounts, commission, rebate or other preferential commercial terms to any of the Relevant Customers to facilitate or encourage the Third-Party Payment arrangements. The payment, credit terms, and other general commercial terms of the Relevant Customers are generally the same as our other overseas customers. As advised by H.Y. Leung & Co. LLP (our Hong Kong legal advisers as to corporate matters) and our PRC Legal Advisers, our acceptance of payments through the Third-Party Payment Arrangements do not contravene any prohibitive provisions under the Hong Kong laws and regulations and the PRC laws and regulations, respectively.

During the Track Record Period and up to the Latest Practicable Date, (i) all the Third-Party Payments were related to genuine transactions between us and the Relevant Customers and were made by bank transfers; (ii) the amount of Third-Party Payments received by us from Third-Party Payors corresponded with the transaction amount in the relevant sales orders, records, and/or invoices between the Relevant Customers and us; (iii) all relevant transactions involving Third-Party Payments were completed with the agreed-upon amount being settled as specified in respective agreements; (iv) we have not encountered any incidents demanding us to return payment in relation to relevant transactions; and (v) nothing came to our attention that would cause us to doubt the genuineness of relevant transactions or the good faith of relevant parties involved.

As of the Latest Practicable Date, we have terminated all other forms of third-party payments, save for instances where third-party payments are utilized by certain customers due to foreign exchange control restrictions.

BUSINESS

Internal Control Measures

To safeguard the interests of our Group against risks arising from Third-Party Payment Arrangements, we have established the following internal control measures: (i) third-party payment arrangements are only permitted where required by foreign exchange rules and restrictions in the relevant jurisdictions as described above; (ii) customers seeking to utilize third-party payment arrangements are required to submit a written application to us for prior approval. Such application shall set out detailed terms of the third-party payment arrangement, including the payment amount and the name of the third-party payor, together with supporting documentation such as sales contracts and invoices; and (iii) if any third-party payment is identified in circumstances other than those specified in paragraph (i) above, our sales staff shall promptly liaise with the relevant customer and third-party payor to arrange for the refund of such payment to the original payor.

For risks associated with third-party payment arrangements, please refer to “Risk Factors — Risks Relating to our Business and Industry — We are subject to risks relating to our third-party payment arrangements during the Track Record Period” in this document.

PROCUREMENT AND SUPPLIER

The principal raw materials and components used in the manufacturing of our products primarily include circuit board assembly, electronic motors, structural components mainly including metal and plastic components and packaging materials. During the Track Record Period, we primarily procured our raw materials from suppliers located in China and have maintained stable and longstanding relationship with our key suppliers. For each category of major raw materials and components, we generally engage more than one qualified supplier to secure supplies. During the Track Record Period and up to the Latest Practicable Date, we had not experienced significant difficulties in maintaining sources of supplies and expect to be able to maintain adequate sources of quality supplies in the future.

The purchase prices of our raw materials and components are determined with reference to prevailing market prices for comparable products and our procurement volume, and are therefore subject to fluctuations driven by market dynamics. To mitigate any adverse impact of price volatility, we have implemented the following measures: (i) monitoring market price movements; (ii) entering into long term framework agreements with major raw material suppliers to secure favorable pricing and stable supply continuity; (iii) identifying multiple alternative suppliers to address sudden raw material price fluctuations and/or supply disruptions; and (iv) formulating and adjusting our procurement plans through communication with suppliers, taking into account our sales forecasts, production scheduling and fluctuations in raw material prices. We believe that fluctuations in the costs of raw materials and components did not have a materially adverse impact on our results of operations and financial performance during the Track Record Period.

Supplier Management

To maintain the high quality and consistency of our raw materials and components and ensure a reliable supply chain, we have implemented a supplier management system. This system is structured to ensure that all suppliers adhere to our quality standards, fostering long-term, strategic relationships.

We maintain an Approved Supplier List for key raw materials and components, all of which must be sourced from pre-approved suppliers. Our procurement managers collect key information about new suppliers including financial status, credit rating, operating conditions, industry qualifications, technical level, production capacity, dependence on upstream suppliers, and cost levels and file as preliminary preparation for supplier onboarding subsequently. Only suppliers listed in the Approved Supplier List who meet the requirements shall be authorized to supply.

We regularly evaluate our suppliers across multiple dimensions, including delivery lead time, product quality and applied technologies. Suppliers failing to meet our performance standards are required to implement improvements. We adopt differentiated rectification measures and requirements tailored to the severity of non-compliance to drive enhanced performance. For those still unable to satisfy the prescribed standards, we will activate the supplier exit mechanism, thereby ensuring our suppliers consistently meet our product requirements.

BUSINESS

Agreements with Suppliers

During the Track Record Period, we generally entered into framework procurement agreements with our suppliers, followed by individual purchase orders specifying the price and product specifications. The salient terms of a typical framework agreement primarily includes the following:

Duration	Generally no fixed terms.
Pricing, product specifications and quality	Our purchases are typically made on purchase order or purchase agreement basis, and we specify the material type, unit price, quality and quantity requirement and other contract terms in each purchase order or purchase agreement we send to our suppliers.
Minimum purchase amount	There is generally no minimum purchase commitment on us.
Transportation arrangement	Our suppliers are responsible for delivering the products to locations designated by us at their own expenses. The risks associated with the products are generally transferred to us upon our acceptance.
Product liability	We are generally entitled to apply for the return or replacement of goods where our suppliers’ products fail to meet the mutually agreed specified standards. Should we incur any losses arising from defective products supplied by our suppliers or infringement of third-party intellectual property rights, we have the right to claim compensation from the relevant suppliers.
Warranty period	We are generally granted a product warranty period of one to five years upon acceptance by us depending on specific product type. During the warranty period, we are entitled with right for product returns for material quality defects.
Payment terms and payment method	We are generally granted a credit period of 30 to 90 days upon the receipt of goods and products. Payments are generally settled through bank acceptance bills or bank transfer.
Termination	The agreement is generally terminated by mutual consent or material breach of contract by either party.

During the Track Record Period and up to the Latest Practicable Date, there had been no material breaches of agreements by our suppliers.

Major Suppliers

During the Track Record Period, our suppliers were primarily raw material and component manufacturers located in China. For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers amounted to RMB69.1 million, RMB173.2 million and RMB201.5 million, accounted for 31.0%, 36.6% and 29.1% of our total purchases for the respective period, respectively. For the year ended 2023, 2024 and 2025, purchases from our largest supplier amounted to RMB18.7 million, RMB43.5 million and RMB51.6 million, accounted for 8.4%, 9.2% and 7.4% of our total purchase amounts for the same period, respectively.

BUSINESS

The following tables set forth details of our top five suppliers for each period during the Track Record Period in terms of purchase amounts:

Supplier	Backgrounds	Products/services purchased	Credit terms	Commencement of business relationship	Payment method	Amount of purchases <i>RMB'000</i>	% of total purchases for the period
For the year ended December 31, 2023							
Supplier A	A private company incorporated in China, that primarily engages in manufacturing and sales of air conditioning equipment, constant temperature air conditioning heat exchangers, lightweight and energy-saving air conditioning condensers and other products	Evaporators	45 days	2021	Bank transfer	18,713	8.4
Supplier B	A private company incorporated in China, that primarily engages in research and development, manufacturing and sales of household appliances	Sheet metal parts	45 days	2018	Bank transfer	16,653	7.5
Supplier C	A private company incorporated in China, that primarily engages in commodity retail trade, sales of electrical and mechanical equipment, and installation services for air conditioning equipment and ventilation equipment systems	Compressors	30 days	2018	Bank transfer	12,762	5.7
Supplier D	A private company incorporated in China, that primarily engages in manufacturing of special electronic materials, electronic components and integrated circuits	Electronic Components	60 days	2018	Bank transfer	12,102	5.4
Supplier E	A private company incorporated in China, that primarily engages in technical services, development, consultation, exchange, transfer and promotion; manufacturing of refrigeration and air conditioning equipment	Titanium heat exchanger components	60 days	2018	Bank transfer	8,887	4.0
Total.						69,117	31.0
For the year ended December 31, 2024							
Supplier A	As stated above	Evaporators	45 days	2021	Bank transfer	43,502	9.2
Supplier D	As stated above	Electronic components	60 days	2018	Bank transfer	37,129	7.8
Supplier B	As stated above	Metal sheet parts	45 days	2018	Bank transfer	36,876	7.8
Supplier F	A private company incorporated in China, that primarily engages in energy-saving equipment manufacturing and export-import business	Titanium heat exchanger components	60 days	2018	Bank transfer	31,221	6.6
Supplier C	As stated above	Compressors	30 days	2018	Bank transfer	24,434	5.2
Total.						173,162	36.6
For the years ended December 31, 2025							
Supplier A	As stated above	Evaporators	45 days	2021	Bank transfer	51,552	7.4
Supplier D	As stated above	Electronic components	60 days	2018	Bank transfer	43,488	6.3
Supplier B	As stated above	Metal sheet parts	45 days	2018	Bank transfer	40,789	5.9
Supplier F	As stated above	Titanium heat exchanger components	60 days	2018	Bank transfer	39,395	5.7
Supplier C	As stated above	Compressors	30 days	2018	Bank transfer	26,248	3.8
Total.						201,472	29.1

BUSINESS

To the best of our knowledge, all of our five largest suppliers during the Track Record Period are independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period.

QUALITY MANAGEMENT

Product quality is vital to our business, since any potential quality defect may cause significant risks to end-consumers who use our products. We have adopted a quality control system, encompassing all the key aspects of our operations, including inspection of raw materials, manufacturing process, and finished products. We adhere to product safety and quality control standards, implementing corresponding control measures across each stage of our production process to ensure that all products comply with applicable national and international standards.

Our commitment to high quality and reliability helps strengthen the recognition and trust among our customers. We have obtained the ISO 9001 Certification for our quality management system, accredited by the China Quality Certification Centre, as well as the ISO 14001 Certification and ISO 45001 Certification covering the design and production of certain of our products.

In order to monitor production quality and to ensure that our products meet all the stringent benchmarks and specifications of our customers and ourselves, we take an approach to quality control, establishing a quality management system that complies with relevant national and international standards, covering procurement, manufacturing, finished products logistics, and after-sale services.

Inspection of Raw Materials

We only purchase raw materials from qualified suppliers who have passed our quality and reliability assessment. We conduct due diligence on new suppliers to assess their, amongst others, business qualification, production scale and capability, and product quality. We maintain and implement quality control measures to ensure the safety and quality of our raw materials. Before admitting procured materials into our warehouse, we would inspect the packaging and quantity of the materials. After being admitted into our warehouse, we conduct quality inspection on the materials and store the materials in accordance with relevant storage conditions required by different materials.

Inspection of Manufacturing Processes

We have implemented quality control procedures for our manufacturing activities. Our operators strictly adhere to standard operating procedures (SOP) in production operations. Our inspectors conduct monitoring of the production process in accordance with standard quality control procedures and inspection forms, with 100% inspection implemented for critical processes. In addition, our quality management personnel monitor the key stages of production, special procedures, as well as the production environment. For instance, we perform regular maintenance on production equipment and enforce environmental controls, monitoring and regulating temperature, humidity and cleanliness.

Inspection of Finished Products

Prior to the storage of finished products, in accordance with factory testing requirements, we strictly comply with the factory inspection specifications and conduct product performance tests using dedicated machinery and equipment to inspect the electrical, mechanical, and operational characteristics of the products, ensuring that their performance, safety, and reliability meet the required standards before leaving the factory. Additionally, we carry out inspections on appearance, packaging, technical documents, and other aspects to ensure that all details of the products comply with customer requirements.

BUSINESS

In addition, our quality control capability is further supported by our various testing measures for our finished goods, including:

- *Performance testing system:* all finished products shall experience testing in accordance with the product testing procedures, which are consistent with the specific SOP guidelines.
- *Dedicated equipment and testing methods:* for our finished goods, we have dedicated testing equipment which are used for key performance testing and reliability testing. Our testing equipment and methods strictly comply with national standards, industry norms and our internal control standards.
- *Appearance and packaging inspection:* in accordance with order requirements, we have a set of packaging inspection procedures including the packaging methods, protective materials, marking contents and accompanying documents, such as user manuals and certificates of conformity.

INVENTORY MANAGEMENT

During the Track Record Period, our inventories mainly consisted of raw materials, goods in transit, work in progress and finished goods. We have established a warehousing system in our three production bases to achieve centralized storage and standardized management of raw materials and finished goods. We also maintain leased warehouses in key markets including Europe, North America and Oceania to store a small volume of our products and spare parts. We store our materials and products under safe and clean storage conditions. In addition, we have formulated inventory control strategies and maintain optimal inventory levels by taking into account various factors including market distribution analysis, demand forecasting, production planning, procurement prices, and procurement lead times.

We evaluate the rationality of inventory using inventory value and inventory turnover days. As of December 31, 2023, 2024 and 2025, we had inventories of RMB81.4 million, RMB148.4 million and RMB315.6 million, respectively. For the years ended December 2023, 2024 and 2025, our inventory turnover days were 90 days, 94 days and 134 days, respectively.

DATA PRIVACY AND PROTECTION

In the ordinary course of our business, we collect, store and process business data and transaction data. We also collect personal information, primarily through three platforms: (i) the iGarden App, for user registration, device pairing, real-time monitoring and automated garden management; (ii) our self-operated websites, through online forms and cookies for customer inquiries and user behavior analysis; and (iii) our equipment management platform, through which the distributors conduct equipment installation, management and repair services to end-users.

In 2025, we engaged a data compliance consultant to assess our data privacy policies and practices, including reviewing the relevant code, data flows, and legal disclosures across our platforms, and implemented improvements in line with industry best practices. Pursuant to the data compliance consultant's guidance, we have established a comprehensive data protection and privacy management framework, confirmed by our internal control consultants, for our equipment management platform, mobile applications and websites, under which all personal data processing activities are inventoried, risk-assessed and subject to strict technical and organizational safeguards, including multi-factor authentication, access control, encryption, anonymization and continuous network security monitoring, so as to prevent unauthorized access, use or disclosure and to ensure data integrity and availability. To enhance our data protection capabilities, as confirmed by our internal control consultants, we have established detailed Data Security and Risk Specifications tailored to our operational environment, which provide traceability of processing activities and effective containment and remediation of potential security incidents. Our governance measures and system design are generally aligned with applicable data protection laws, and address key obligations relating to data subject rights, risk assessments and security of processing.

BUSINESS

Having considered the above, we are of the view that, as at the Latest Practicable Date, the data protection and information security measures adopted for our equipment management platform, mobile applications and websites are adequate and effective for safeguarding users’ personal data and for addressing evolving global cybersecurity risks, and that we will continue to optimize and enhance our internal policies, automated management mechanisms and staff training to maintain a high level of data protection compliance on an ongoing basis.

INTELLECTUAL PROPERTIES

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registrations to establish and protect our proprietary technologies. As of December 31, 2025, we had registered 178 trademarks, 230 patents, and 21 software copyrights in China and 248 trademarks, and 45 patents overseas.

We have used our best efforts to ensure compliance with applicable intellectual property laws. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material intellectual property infringement disputes that will materially and adversely affect our business operations and financial performance. For further details, see “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to intellectual property infringement claims, which could be time-consuming or costly to defend and may result in a diversion of our financial and management resources, and have a material adverse impact on our business, results of operations and financial condition.”

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employ various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure that had a material adverse effect on our business operations.

COMPETITION

We principally operate in the global smart garden equipment industry, with a core focus on smart pool equipment. According to Frost & Sullivan, the global smart pool equipment market was fragmented in 2024, with a substantial number of suppliers operating across different regional markets. While international competitors participate in various geographic regions, PRC-based suppliers such as us have established strong local market positions in selected areas. As advised by Frost & Sullivan, we are the largest PRC-based smart pool equipment manufacturer in terms of revenue in 2024, with a global market share of 3.4%.

EMPLOYEES

As of December 31, 2025, we had 1,784 full-time employees in China. The following table sets forth the number of our employees categorized by function and percentage of our total number of employees as of December 31, 2025:

Function	Number	Percentage of Total Number
Management	97	5.4%
Research and Development	442	24.8%
Sales and marketing	196	11.0%
Functional	346	19.4%
Operation	703	39.4%
Total	1,784	100.0%

BUSINESS

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our talent management strategy, we offer employees competitive base salaries, performance-based bonuses and other incentives. We place a strong emphasis on attracting, retaining, and developing qualified employees. We recruit staff through multiple channels, including online recruitment platforms, headhunters for key positions, and on-campus recruitment events during the spring and autumn seasons. To enhance employee satisfaction, we offer competitive remuneration packages, including salaries, allowances, and performance-based incentives, supported by an annual performance evaluation system that informs salary levels, bonuses, and promotions.

We have established a structured training system that includes online onboarding programs, quarterly centralized offline training sessions, and specialized management development courses for high-potential employees and managers. We enter into labor contracts with all of our employees, accompanied by confidentiality agreements. Non-compete agreements are executed with employees in positions where such protection is deemed necessary.

As of the Latest Practicable Date, we have established a labor union in China to facilitate communications among employees and to protect their rights. We maintain positive relationships with our employees and did not encounter any material labor disputes or recruitment difficulties during the Track Record Period, which supports the stability of our business operations and financial condition.

SUSTAINABLE OPERATIONS

We are committed to the sustainable development of our business and have implemented systematic operational strategies to underpin the long-term stability of our core operations. During the Track Record Period, our revenue maintained continuous growth, amounting to RMB488.2 million, RMB764.7 million and RMB1,017.4 million in 2023, 2024 and 2025, respectively. Such continuous revenue growth demonstrates market demand for our major products and growth potential for our intelligent robotic product lines. While we recorded net losses in 2023 and 2025, we believe these losses do not affect the sustainability of our core business. Our sustainable operations are supported by a solid business foundation, healthy gross profit margins of major products, clear strategic plans and controllable operational risks.

Analysis on Historical Financial Performance

In 2023 and 2025, we recorded losses for the year of RMB15.7 million and RMB120.4 million, respectively. Such losses did not stem from weaknesses in our core business performance or a decline in profitability of our products. Instead, they were caused by temporary factors. We expect these factors to be gradually mitigated or eliminated, with no long-term adverse impact on our sustainable development.

The net loss recorded in 2023 was primarily driven by the amortization of share-based payment expenses related to the equity incentive plan we adopted in 2021, which features a four-year vesting period (2021–2024). These share-based payment expenses were amortized over the vesting period and primarily recognized within administrative expenses. In 2023, excluding the impact of share-based payment amortization, our adjusted net profit (non-IFRS measure) amounted to RMB27.4 million. For details, please refer to “Financial Information — Results of Operations — Non-IFRS Measures” in this document.

The net loss recorded in 2025 was primarily attributable to an increase in selling and distribution expenses, which increased from RMB82.4 million in 2024 to RMB215.7 million in 2025. Such increase was mainly driven by our strategic focus on deploying and expanding online direct sales channels specifically for our intelligent robotic product portfolio, including intelligent pool cleaning robots, swim jets, and lawn mowing robots. These products do not require professional installation, which enables end consumers to purchase and use them independently without the need for on-site technical support. This characteristic makes them suitable for online sales channels. According to Frost & Sullivan, online sales channels, particularly e-commerce platforms have become an increasingly critical distribution channel for the intelligent robotic product industry, as they offer broad market reach, convenient access for consumers, and direct customer engagement opportunities. Aligning with this industry trend, most Chinese enterprises operating overseas in the intelligent robotics sector have adopted online sales as their preferred go-to-market strategy, and we have similarly aligned our approach to capitalize on these emerging market opportunities.

BUSINESS

Specifically, to effectively promote our intelligent robotic products and strengthen our market presence, we launched our online sales channels in 2025, primarily through Amazon and our self-operated websites, and made upfront investments in building out our online sales infrastructure during the year. For our sales on Amazon, we participated in the SC program and allocated funds to sponsored product ads, brand promotion ads, targeted advertising on vertical media, and promotions by key opinion leaders (KOLs), with a daily advertising budget to secure prominent search rankings and enhance product visibility among our target consumer groups. For our self-operated websites, we invested in search engine optimization, paid search advertising, sponsored ads, and brand ads to improve organic traffic and attract potential customers directly. In addition, we launched targeted email marketing campaigns to engage with existing customers and promote our new robotic products. These upfront investments in online sales channel development and promotion constituted to the significant increase in our selling and distribution expenses in 2025.

According to Frost & Sullivan, the global smart garden equipment market is experiencing steady growth, driven by continuous technological innovation, rising household purchasing power, and increasing adoption of intelligent solutions in garden and outdoor living scenarios. Specifically, the global shipment volume of cordless intelligent pool cleaning robots is expected to grow from 2.0 million units in 2024 to 4.4 million units by 2029, representing a compound annual growth rate (CAGR) of 17.1%. Meanwhile, we believe we have a solid foundation to expand sales of our intelligent robotic products through online channels. Leveraging over 15 years of experience in the smart garden equipment industry, we have industry insights and an understanding of garden scenario to develop products that address evolving needs of global garden users with market recognition for our own brands in Europe and other key overseas markets. While these upfront investments in online sales channels have resulted in higher selling expenses and a net loss in 2025, we expect that as the benefits of our omnichannel strategy gradually materialize and the sales volume of our new products scales up, our selling and distribution expenses will be controlled, driving a progressive improvement in our operational performance.

Key Strategies for Achieving Profitability

To enhance our profitability and ensure the sustainable operation of our business, we have formulated and implemented a series of targeted strategies in line with the development trends of the smart garden equipment industry.

(i) Optimize product portfolio and maintain healthy gross profit margins

We will continue to optimize our existing product portfolio, which has delivered resilient gross profit margins. For the years ended December 31, 2023, 2024 and 2025, our overall gross profit margin from sales of smart garden equipment was 36.9%, 36.1% and 33.0%, respectively. These margins reflect our accumulated product competitiveness, mature supply chain management and sales efforts. The decline in gross profit margin in 2025 was primarily attributable to a decrease in gross margins from our intelligent pool cleaning robots. This mainly reflected pricing adjustments made to our existing product lines in 2025, to align with the launch of our new product series, as well as intense competition in the robotics market. These margins provide us with financial resources to fund research and development, market expansion and daily operations, and form a solid foundation for improving our overall profitability.

(ii) Deepen omnichannel strategy to improve sales efficiency

We will further advance our omnichannel strategy to optimize sales efficiency and enhance gross margins. This strategy integrates online direct sales channels and our offline distribution network to achieve synergistic growth. We will expand our offline coverage by partnering with distributors in key overseas markets to increase market penetration and strengthen local customer support. For our intelligent robotic product lines, we will grow online direct sales, which enables direct access to end consumers. This dual-channel structure reduces our reliance on traditional distributors, strengthens brand visibility, supports direct consumer feedback, and improves margins through direct retail pricing. Continued optimization of our omnichannel network is expected to increase sales efficiency, expand market share and drive revenue and profit growth.

BUSINESS

(iii) Deepen supply chain integration and modular design to optimize costs

To preserve healthy gross margins amid revenue expansion, we will continuously optimize our cost structure through vertical supply chain integration and modular design. We will adopt platform-based and modular research and development, increasing the commonality of core components, including motors, battery packs and AI navigation modules, especially for our intelligent lawn pool cleaning robots and mowing robots. This will shorten development cycles and lower product cost. We will also continue upgrade our manufacturing capabilities with automated production lines to reduce direct labor costs, improve yield rates and optimize unit manufacturing costs as production scales up.

(iv) Focus on the U.S. market, one of the world’s largest established demand pool

We will strategically expand our presence in the United States, which represents our one of our growth opportunities. Leveraging our local U.S. subsidiary, we will strengthen local operations and brand building by increasing marketing spending and establishing dedicated local sales, customer service and after-sales repair teams to enhance brand trust and user experience. In addition to our Amazon initiatives, we plan to cooperate with leading U.S. home improvement chains, creating a dual online-offline strategy to capture the high purchasing power of middle-to-high-income households in North America.

(v) Develop a “hardware + software services” model to drive high-margin recurring revenue

Our iGarden App allows connection of all our smart garden equipment, providing garden users with integrated management experience. This app lays the foundation for us to explore additional revenue streams beyond our core hardware sales. As a technology-driven company, we aim to gradually explore and develop a “hardware + software services” model, with the goal of generating additional revenue contributions to complement our existing sales. As our installed base of smart garden equipment continues to expand, we believe software and value-added services have potential to become an incremental driver of gross margin improvement and long-term revenue growth.

We plan to explore the introduction of subscription-based services in the future, including free basic access to app functions and optional paid premium features. Such premium features may include AI-powered lawn health diagnostics, intelligent extreme weather alerts with automated avoidance strategies, and multi-device yard management systems. Additionally, we intend to explore offering extended warranty programs and consumable subscription services, such as regular blade replacement and pool filter delivery, which could help enhance customer stickiness and increase customer lifetime value, while gradually building a stable recurring revenue stream to supplement our hardware sales.

PROPERTIES

As of the Latest Practicable Date, we did not own any land nor properties.

As of the Latest Practicable Date, (i) we leased 60 properties in China, with an aggregate gross floor area of approximately 156,395.16 square meters, primarily used for production and daily operations; and (ii) we also leased more than ten properties overseas, primarily used for the daily operations of our subsidiaries. We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

As of the Latest Practicable Date, the ownership certificates or other equivalent title documents in respect of three leased properties, with an aggregate gross floor area of approximately 48,506.10 sq.m., had not been provided to us by the relevant lessors. These properties are primarily used for office, production and employee dormitories.

BUSINESS

Based on interviews with the relevant competent local authorities, they have confirmed that: (i) we shall not be subject to any penalties, restrictions on use or orders to relocate in respect of our occupation and use of the aforesaid properties due to the absence of property ownership certificates; and (ii) the party liable for any penalties imposed by the relevant authorities in connection with the failure to complete the requisite procedures shall be the relevant lessor, not us. As advised by our PRC Legal Advisers, as of the Latest Practicable Date, we have not been involved in any litigation or disputes in respect of the aforesaid leased properties, nor have we been subject to any investigation or penalty imposed by the competent authorities. We have not received any notice requiring us to vacate the aforesaid leased properties, nor any objection, claim or demand for compensation from any third party in connection with its use of such leased properties. Such defects in respect of the leased properties will not have a material adverse effect on our production and operations.

In addition, pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant government authorities. As of the Latest Practicable Date, our lease agreements relating to our 13 leased properties in China with approximately 13,746.75 sq.m had not been filed with the relevant PRC housing administration authorities. These properties are primarily used for operation and production. According to the relevant PRC laws, a company may be subject to an administrative fine up to a maximum of RMB10,000 for each lease agreement that is not filed with the relevant PRC housing administration authority, if the company fails to rectify such non-compliance under the prescribed time limit. As advised by our PRC Legal Advisers, the absence of registration will not affect the validity of the lease agreements, nor materially and adversely affect our operations.

For details on risks related to our properties, please refer to “Risk Factors — Risks Relating to our Industry and Business — We face risks related to certain of our leased properties” in this document.

As of December 31, 2025, no single property interest that formed part of non-property activities had a carrying amount of 15%, and no single property interest that formed part of property activities had a carrying amount of 1%, of our total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to our Group’s interests in land or buildings.

IMPACT OF GLOBAL TRADE TENSIONS

In recent years, the global trading environment has been continuously affected by trade frictions and the rising trend of protectionist policies. Starting from 2025, the U.S. government has implemented various import tariff measures, including general base tariffs, imposing base duties on globally imported products and potentially applying higher tax rates to specific countries or industries as part of its trade policy. Most European countries conduct trade with China and other economies through regional trade policy frameworks, but non-tariff barriers such as anti-dumping measures or compliance requirements may apply to different categories of goods.

During the Track Record Period, substantially all of our revenue was derived from overseas markets, among which the European, Oceanian, North American and South American markets are our key overseas markets. We offer a diverse range of products, including pool heat pumps, water pumps, robots, salt generators and other products, with different tariff rates applicable to each product based on its respective HS code. As of the Latest Practicable Date, the applicable tariff rates for our major products are as follows: (a) Europe: nil to 3.7%; (b) Oceania: nil to 5%; (c) North America: nil to 50%; and (d) South America: nil to 35.6%.

BUSINESS

Impact of the U.S. Tariff

The comprehensive tariff rates applicable to our products in the U.S., including additional duties and retaliatory tariffs, have been subject to phased adjustments. The average tariff rate was approximately 25% before 2025, and was adjusted to various levels of 145%, 55% and 45% in 2025, before falling to the latest rate of approximately 35% in 2026. Despite the substantial volatility in tariff rates in 2025, our business operations and financial performance have not been materially adversely affected, primarily attributable to the following reasons:

- We recorded steady growth in our U.S. market throughout the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, revenue from the U.S. market amounted to RMB16.5 million, RMB49.1 million and RMB99.7 million, respectively, accounting for 3.3%, 6.4% and 9.8% of our total revenue for the corresponding period. While the revenue has continued to increase, it represents a relatively small portion of our total revenue, thereby imposing limited impact on our aggregate revenue.
- Benefiting from the gross margin advantages of our products, we achieved continued revenue growth in the U.S. market even as certain industry peers faced pressures to raise prices and scale back U.S. orders amid surging tariffs. In 2025, we acquired a well-established local distributor of smart pool equipment, thereby gaining access to the supply chain of the largest wholesale distributor of swimming pool equipment in the U.S. and becoming one of its suppliers, laying a solid foundation for sustained U.S. market growth.

Taking into account the foregoing and the further easing of U.S. tariff policies in 2026, we consider that U.S. tariff policies and Sino-U.S. trade tensions will not have a material adverse impact on our future business operations and financial performance.

Measures to Mitigate Impact of Global Trade Tensions

Against the backdrop of current global trade tensions, we have adopted and plan to take the following measures:

- **Market localization strategy:** to mitigate the impact of import tariffs in key overseas markets, we have initiated and plan to further implement localization strategies. For instance, we have established a wholly-owned subsidiary in the U.S. and recruited local personnel to advance localized operations. Furthermore, we have commenced initiatives to establish overseas production capacity for smart pool heat pumps in Thailand in collaboration with local partners. For details, please refer to “— Manufacturing — Manufacturing Process — Collaborative production” above. By diversifying our production and operation capacity geographically, we expect to better serve local markets and reduce delivery lead times, while also mitigating risks arising from potential trade or regional disputes concentrated in any single jurisdiction.
- **Dynamically adjusting sales pricing strategy:** we will take into accounts of applicable tariff costs in our pricing strategies in different regions. We will continuously assess changes in trade policies, tariff costs and market demand across different regions and adjust our product pricing based on these factors. We may include relevant pricing adjustment provisions in the contract with customers to mitigate potential adverse impact.
- **Enhanced product competitiveness:** We will continue to increase research and development investment, focus on technological innovation, and continuously launch high value-added and technologically sophisticated products to further strengthen our pricing power. Leveraging our core product competitiveness, we aim to withstand fluctuations in the global trading environment and achieve steady growth across global markets.

BUSINESS

INTERNATIONAL SANCTIONS, OUTBOUND INVESTMENT AND EXPORT CONTROL MEASURES

During the Track Record Period, our revenue was substantially derived from overseas markets, spanning more than 100 countries and regions. As of the Latest Practicable Date, none of these jurisdictions were subject to comprehensive sanctions imposed by the United States, the European Union, the United Kingdom or the United Nations. Given the global nature of our operations, we may be subject to various international sanctions, outbound investment and export control measures.

We have engaged an International Sanction Adviser to review our business activities during the Track Record Period. Based on its review and analysis, the International Sanctions Legal Adviser has advised us that none of our Company and our subsidiaries are a Sanctioned Target, or are incorporated in a Sanctioned Country. We have also not engaged in any Primary Sanctioned Activities or Secondary Sanctionable Activities in the Relevant Jurisdictions and, by extension, are then not a Sanctioned Trader.

In addition, the United States has introduced an outbound investment regime targeting certain investments by U.S. persons in “countries of concern,” including the PRC, in specified sectors such as semiconductors, quantum technologies and artificial intelligence (the “**Outbound Investment Rules**”). As advised by our International Sanction Adviser, (i) we are a “covered foreign person” as we are incorporated in the PRC; (ii) our business activities may fall within the classification of a “covered activity” as our products may incorporate AI algorithms and/or are embedded within robotic devices; and (iii) the Outbound Investment Rules provide exemptions where investments in securities/shares that are publicly-traded on recognized exchanges (including the Stock Exchange) are generally exempt from both the prohibition and notification requirements. As a result, the Outbound Investment Rules will not be applicable to the [REDACTED]. In any event, as advised by our International Sanction Adviser, any compliance obligations under the Outbound Investment Rules would generally rest with the relevant U.S. [REDACTED] rather than us.

With respect to U.S. export control laws, we utilize certain U.S.-origin software and cloud services in our ordinary course of business, which are obtained under valid commercial licences and used for general corporate and product development purposes. We do not resell, transfer or otherwise make such software or services available to third parties, nor do we integrate them as controlled components into our products for onward export. We have not imported or used items subject to heightened controls (including those classified under ECCN 5D992.z.1 or 5D992.z.2), nor have we engaged in restricted end uses, such as military or other sensitive applications. As concluded by our International Sanction Adviser, our use of such U.S.-origin software and cloud services do not give rise to any material U.S. export control risks.

In order to maintain compliance with monitoring requirements in international sanctions, we have formulated and implemented policies of Anti-Economic Sanctions Compliance Management System, which sets out the internal requirements on identification and management of sanction lists, sanction risk assessment, business approval management, transaction monitoring requirements, ongoing monitoring and reporting of sanction related matters and identification and handling of respective violations, as well as record keeping. We will continue to closely monitor developments and changes in international sanctions, outbound investment regimes, and export control laws and regulations to proactively assess their potential impact on our business operations, supply chain, cross-border transactions, and overall compliance, and to take timely and appropriate measures to mitigate associated risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognize that sound ESG practices are integral part of our sustainable operations. We are integrating ESG goals into strategic decision-making, management, and execution, so as to continue the optimization of corporate governance mechanism.

BUSINESS

ESG Governance

The Board is the highest decision-making body for our ESG matters. Apart from considering and approving the ESG strategies, goals, major issues and relevant report, it is also responsible for continuously monitor the progress of ESG issues, the target implementation, and the effective control of major matters. Under the leadership of the Board, we will gradually set a clear ESG vision, strategic goals and implementation approaches. For the purpose of governance and performance improvement, we have established an ESG Working Group to assist the Board in the daily ESG matters and to keep on optimizing the management mechanism.

ESG Risk and opportunity management

We identify and manage ESG matters that are closely related to our business by taking industry trends and the Company’s own operating conditions into account. In the future, directors, management, employees, suppliers, and partners will be invited to participate in the assessment of ESG risks and opportunities. By analyzing the feedback from stakeholders, we will identify material ESG issues that should be prioritized. These ESG issues and the related risks and opportunities will be final review and approval by the Board.

Metrics and targets

We attach importance to employee growth and community well-being and are committed to establishing a safe working environment with “zero injuries in the workplace”. At the same time, we actively respond to the “dual-carbon” goals of our country by promoting the green and low-carbon transformation, reducing the carbon footprint and energy consumption, thereby making contribution to the sustainable development of the industry. In the future, in compliance with “Environmental, Social and Governance Reporting Code”, we will keep enhancing the ESG performance and optimize the quantitative targets, so as to promote strategy implementation through clear commitment.

Environmental Protection

To ensure that production and operating activities consistently comply with relevant national and local environmental protection laws and regulations, we timely track and analyze the related requirements at all levels. Additionally, we have formulated the “Procedure for Identification and Evaluation Control of Environmental Factors” to uphold environmental responsibilities. Under this procedure, we systematically identify, assess, and monitor environmental impact factors across the company’s activities, products, and service processes.

Waste Management

The Company has established a full-process procedure for waste management. We abide by relevant national laws, regulations, and emission standards. Through management measures in multiple links, we achieve waste reduction, resource recovery, and harmless disposal.

- ***Wastewater, waste gas, and noise:*** We have established a “Wastewater, Waste Gas, and Noise Emission Control Procedure.” Specifically, production wastewater is recycled through cooling system, while wastewater from canteen is treated through an oil separator and septic tank before municipal discharge, in compliance with the corresponding waste water emission standards. For waste gas management, we collect, filter, and treat air pollutants such as airborne particulate matter according to the emission control regulations of regions where we operate. Regarding noise control, we start with aspects such as equipment procurement and placement, and strictly enforce the factory boundary noise standards. Meanwhile, the Company commissions a qualified third-party organization to conduct annual monitoring of the wastewater, waste gas, and noise emissions generated during operations each year.

BUSINESS

- Solid waste:** We have also established a “Solid Waste Control Procedure” a implementing principles of “classified recycling, centralized storage, unified treatment, and comprehensive evaluation”. Color-coded containers (blue, green, red with character markings) separate non-recyclable/recyclable general waste and hazardous waste, with designated temporary storage zones. Our plants are equipped with facilities such as rainproof and leak-proof equipment and are managed by a dedicated person. The non-recyclable general waste and hazardous waste are handled by qualified third-party suppliers. To ensure the effectiveness of waste management measures, we conduct monthly inspections on the classification, marking, and storage of waste within the factory and record the inspection results.

Indicator	Unit	For the year ended December 31,		
		2023	2024	2025
Non-hazardous waste	Tonnes	164.95	193.46	252.72
Hazardous waste	Tonnes	0.03	0.06	0.10

Resource Management

For reasonable use of energy and resources as well as improvement of utilization efficiency, we have formulated and implemented the “Regulations on the Comprehensive Use of Energy and Resources” and the “Resource and Energy Control Procedure”. We strengthen the maintenance of production equipment to avoid dripping/leaking/overflowing and reduce resource waste. In daily work, we promote paperless and digital workflow to reduce paper consumption. Additionally, we conduct energy-saving inspection to ensure that electrical equipment in non-office areas is turned off in a timely manner, and promote power-off habits among employees when leaving work. For water management, we maintain water supply facilities on a regular basis to reduce the possibility of pipeline leakage and improve water utilization efficiency.

In terms of energy-saving awareness improvement, we continue to carry out education on water and electricity conservation, waste classification, and green office practices through various means such as promotional materials, training activities, and visual prompts in the office area. This creates an energy-saving culture of full-staff participation and continuous improvement.

Indicators	Unit	For the year ended December 31,		
		2023	2024	2025
Electricity consumption . .	MWh	2,961.94	3,838.73	4,957.13
Water consumption	Tonnes	20,543.20	20,019.14	27,829.67
Product packaging material consumption . .	Tonnes	420.04	780.46	1,082.08

Respond to Climate Change

We proactively identify the impacts of climate change on our business. In terms of physical risks, our production facilities, warehousing and logistics centers may face direct physical impacts due to the increasing frequency and intensity of extreme weather events, leading to operational disruptions and a decline in supply-chain stability. In addition, the core product line of the Company, such as inverter pool heat pump, is highly sensitive to water resources and stable climate conditions. In terms of transition risks, as some regions implement regular water and power conservation policies due to intensifying climate warming, the market demand for such products may be structurally constrained. To minimize the impacts of climate change, we establish warehousing and logistics networks covering various regions in Europe and are actively developing smart energy-saving products.

BUSINESS

Greenhouse Gas Emissions

We attach great importance to energy conservation and carbon footprint reduction. Our direct greenhouse gas (Scope 1) emissions are mainly from the combustion of fossil fuels such as gasoline, diesel, and liquefied petroleum gas in the production process, the use of company-owned vehicles, and the operation of other equipment. Indirect greenhouse gas (Scope 2) emissions are mainly results of the electricity consumed in the production and operations of the Company. The table below shows our greenhouse gas emissions during the Track Record Period:

Indicators	Unit	Year ended December 31,		
		2023	2024	2025
Total greenhouse gas emissions	Tonnes of CO ₂ equivalent	1,476.69	1,871.72	2,393.10
Direct greenhouse gas emissions (Scope 1) . .	Tonnes of CO ₂ equivalent	172.56	181.53	210.48
Indirect greenhouse gas emissions (Scope 2) . .	Tonnes of CO ₂ equivalent	1,304.13	1,690.19	2,182.62

Occupational Health and Safety

We take “zero accidents and zero occupational injuries” as our long-term goal. In strict accordance with the requirements of laws and regulations such as the “Law of the People’s Republic of China on Work Safety” and the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, we provide training to enhance the safety awareness and protection ability of all employees and ensure the implementation of measures. We have established a system in accordance with national standards and promoted the in-depth integration of safety management and operations through a closed-loop model of “target – control – improvement”, so as to increase management efficiency. During the reporting period, the Company did not experience any material safety accidents, work-related injuries or fatal accidents, and has not received any major complaints or been imposed of administrative penalties in this connection.

Employee Rights and Welfare

Compliant employment

We enter into labor contracts with all employees in accordance with the law, and have set out internal measures covering the entire process of recruitment and dismissal, compensation, promotional, leaves to safeguard the rights and interests of employees. At the same time, we have established a mechanism for regular review and update, of which the human resources department is responsible for the evaluation and makes corresponding adjustments to align with any change in relevant regulations. We formulate a fair and market-competitive compensation plan based on factors such as employees’ seniority, experience, job responsibilities, aiming to attract, motivate, and retain talents.

Diversity and inclusion

We recognize the value of Board diversity and regard it as an essential basis for attracting, retaining and motivating talents. In its business and recruitment, the Company actively considers factors such as gender to reach diversity, with an aim to increase the inclusiveness of the organization. To ensure that all employees have equal opportunities in recruitment, promotion, compensation and benefits, and career development, we adopt zero-tolerance policy for whatever discriminatory behaviors. We will, through policies and cultural promotion, ensure that our employees can grow and develop in an inclusive and respectful environment.

BUSINESS

Employee development and training

We have established an employee development system to enhance employees’ sense of belonging and cohesion. All new employees receive systematic on-boarding training, which covers the code of conduct, regulations, industry knowledge as well as corporate culture, to help them quickly adapt to the environment. When optimization and adjustment of employees’ positions and responsibilities take place, we will strictly follow the management process, actively communicate and negotiate with employees to ensure the transparency and fairness of process. In addition, we regularly organize caring activities and team-building activities for our employees to continuously promote teamwork and communication and create a harmonious working environment.

Supply Chain Management

The Company conducts full-process standardized management of suppliers by establishing and implementing institutional documents such as the “Procurement Management System” and the “Supplier Development and Management System.” On this basis, we conduct performance evaluations of suppliers each year and implement hierarchical management based on the results, aiming to optimize the supplier team and build a stable and efficient supply chain. For suppliers rated as excellent, we will increase the procurement ratio; for suppliers that fail the evaluation, we will cancel the cooperation. We regularly conduct supplier risk assessments and on-site audits to monitor whether their operational practices continue to meet our requirements. When a supplier has a violation, we will initiate an investigation and take management measures based on the findings. We encourage suppliers to provide environmentally friendly products and reduce the use of raw materials in design and production. During the Track Record Period, we did not find any material incidents related to health, safety, or environmental protection among suppliers.

Anti-commercial Bribery and Anti-corruption

We require all employees to adhere to business ethics, define the scope of potential bribery and corruption behaviors, and the corresponding prevention and control mechanisms. We strictly prohibit any form of improper payment, including bribery, kickbacks, gifts beyond a reasonable scope, and other payments for the purpose of obtaining improper business interests. The audit department is responsible for investigating reported incidents and taking appropriate measures when necessary. At the same time, to strengthen the awareness of business ethics, we regularly provide employees with training on anti-bribery and anti-corruption policies. During the Track Record Period, we were not involved in any major lawsuits related to corruption.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate in. Our assets, employee safety and other applicable risks are covered by commercial insurances including product liability insurance, accident insurance, property insurance, transportation insurance and liability insurance for senior management personnel. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

However, there can be no guarantee that we will not incur losses or suffer claims beyond limits, or outside the relevant coverage, of our insurance policies. For details, please refer to “Risk Factors — Risks Relating to our Business and Industry — Our insurance coverage may be inadequate to protect us from the liabilities we may incur” in this document.

BUSINESS

PERMITS, LICENSES AND OTHER APPROVALS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant authorities that are material to our operations. The table below sets forth the relevant details of the material license we hold for our operations in China:

License/Permit	Holder	Issuing Authority	Expiration Date
Customs Declaration Entity Registration Certificate	Our Company	Fuzhong Customs	N/A
Customs Declaration Entity Registration Certificate	Our Subsidiary	Suidong Customs	N/A
Cross-border e-commerce enterprise filing	Our Subsidiary	Shunde Customs	N/A
Registration Certificate for Special Equipment Use	Our Subsidiary	Foshan Shunde District Market Supervision and Administration Bureau	N/A

TRANSFER PRICING ARRANGEMENTS

During the Track Record Period, we carried out certain intra-group transactions among our PRC and overseas subsidiaries. Our cross-border intra-group transactions primarily included: (i) the purchases of products by our Hong Kong distribution subsidiaries from our PRC manufacturing subsidiaries for onward sales to third-party customers and other overseas subsidiaries; (ii) the purchases of products by our overseas subsidiaries in the United States and Europe from our Hong Kong distribution subsidiaries for onward sales to third-party customers; and (iii) the purchases of products and spare parts by our France-based after-sales subsidiary from our Hong Kong sales subsidiaries, for the provision of after-sales services to third-party customers or direct resale (together, the “**Covered Transactions**”).

We have engaged the Transfer Pricing Consultant to perform transfer pricing review on the Covered Transactions during the Track Record Period. In addition, our Transfer Pricing Consultant further conducted benchmarking studies to evaluate whether the Covered Transactions are in compliance with the arm’s length principle as requested by the Organization for Economic Cooperation and Development Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (the “**OECD Transfer Pricing Guidelines**”) and the relevant transfer pricing regulations and guidelines in China. Based on the analysis, our Transfer Pricing Consultant concluded that the transfer pricing policies of the Covered Transactions were not inconsistent with the arm’s length principal and the transfer pricing adjustment risk was limited during the Track Record Period.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and as of the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our financial condition or results of operations.

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 had 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

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a risk management and internal control system aimed at identifying, assessing, and mitigating risks across all aspects of our operations. Our Board of Directors oversees the implementation of risk management policies and procedures that address key operational, financial, legal, and market risks, including information system risk, financial reporting risk, human resources risk, and anti-corruption risk. These policies are integral to our internal control framework, which is periodically reviewed to ensure effectiveness and alignment with our strategic objectives.

To further enhance our risk management capabilities, we have implemented internal control procedures designed to systematically identify, assess, and prioritize material risks, including ESG-related risks, through structured risk and opportunity analysis. This ongoing process supports our commitment to maintaining risk oversight and fostering a culture of compliance throughout the organization. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have implemented, or will continue to implement, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, please refer to “Directors and Senior Management”;
- adopt various policies to ensure compliance with the Listing Rules, including, but not limited to, aspects related to risk management and connected transaction;
- provide training periodically to our senior management and employees on professional behavior requirements and ethics standards to enhance their knowledge of, and compliance with, applicable laws and regulations and include relevant policies against non-compliance in our employee discipline measures and supervision guidelines;
- organize training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies [REDACTED] in Hong Kong;
- enhance our reporting and records system for production facilities, including centralizing their quality assurance and safety management systems and conducting regular inspections of the facilities;
- establish a set of emergency procedures in the event of major quality-related issues; and
- provide enhanced training programs on quality assurance and product safety procedures.

We have engaged an internal control consultant to conduct a general internal control review in relation to the [REDACTED]. It’s associated with our major business processes to identify deficiencies and areas for improvement, provide recommendations, and review the implementation status of these remedial actions. We also conduct periodic reviews of our policies and procedures to mitigate risks and align with regulatory requirements and business objectives.

BUSINESS

AWARDS AND RECOGNITIONS

The following table sets out a summary of the major awards and recognitions we have received.

Award/Recognition	Year	Issuing Authority
CES Innovation Honoree	2026	CES (International Consumer Electronics Show)
Best Inventions of 2025	2025	TIME
Ronggui Subdistrict 2024 Outstanding Contribution Enterprise for Industrial Development	2024	Ronggui Subdistrict Office
Guinness World Record for “Quietest Pool Heat Pump (Prototype)”	2024	Guinness World Records
Guinness World Record for “Longest Duration Robotic Lawn Mower (Prototype)”	2024	Guinness World Records
Guinness World Record for “Most Energy-saving Pool Heat Pump (Prototype)”	2024	Guinness World Records
Best Brand Award	2024	Golden Wave of Schwimmbad Sauna
High-Tech Enterprise	2023 to 2025	Guangdong Provincial Department of Science and Technology/ Guangdong Provincial Department of Finance/State Administration of Taxation Guangdong Provincial Tax Bureau
Top 100 Private Manufacturing Enterprises	2023 and 2025	Foshan Shunde Enterprise Confederation/Foshan Shunde Entrepreneurs Association
Class A Taxpayer	2022 and 2024	State Administration of Taxation Foshan Shunde District Tax Bureau