OVERVIEW

We are an established player in the electric drive solutions market in China with overseas presence. We offer integrated and customized electric drive systems and solutions that power a range of application scenarios worldwide.

MILESTONES

The following table sets forth certain key milestones of our business development:

Year	Event
2001	Our Company was established as a limited liability company and a Sino-foreign joint venture in Ningbo, Zhejiang Province.
2003	We started commercial production of standard motors.
2006	We successfully developed and produced digital AC servo drives.
2008	We successfully developed the large direct drive servo motor that later applied to the ALMA large radio astronomical telescope
2010	Our Hangzhou Bay Facility — Phase I was constructed and put into use.
2015	Mr. Wenjie REN become our Company's Controlling Shareholder and our Company transformed from a Sino-foreign joint venture into a domestic-funded enterprise.
2016	Physis New Energy was established, starting our Company's milestone in new energy.
	Our Hangzhou Bay Manufacturing Base — Phase II was constructed and put into use.
2018	We established our R&D Center in Italy to foster the communication and interaction with world-class scientific research institutions and industry experts abroad.
2019	Our Company was converted into a joint stock limited liability company.
	We acquired OSAI ITA in Italy and expanded our global footprints to Italy, the United Kingdom and the United States.
	The ALMA large radio astronomical telescope project which we participated in captured the first-ever image of M87 black hole.
2020	We were recognized as one of the First Batch of Specialized, Refined, Differential and Innovative "Little Giants" Enterprises (專精特新"小巨人"企業) by the Ministry of Industry and Information Technology of PRC.
2022	We established the Innovation Center in Zhejiang Province and further developed the application of our electric drives in a range of industries.

Year	Event
2023	Our XT2300-800-217C 700 kW Cable Car Direct Drive System was recognized as the First Unit (Set) of Major Technical Equipment (國內首台(套)成套裝備) by the Ministry of Industry and Information Technology of Zhejiang Province.
	Our top drive dedicated 890 kW high-torque density permanent magnet direct-drive was recognized as the First Unit (Set) Integrated Equipment (省內首台(套)整機裝備) by the Ningbo Municipal Economic and Information Technology Bureau.
	China's first 18 MW offshore wind turbine equipped with Physis pitch motor was successfully developed, being the turbine with the largest in Asia and the second largest worldwide.

OUR HISTORY

Our Establishment and the Initial Shareholders

On November 15, 2001, our Company was established as a limited liability company and a Sino-foreign joint venture in the PRC. Mr. Wenjie REN has been the chairman of the Board and the general manager of the Company since its establishment. At the time of its establishment, our Company was held by Foratex Limited, Northmag, Phase Motion Control and Mr. Liku SHANG as to 44%, 31%, 20% and 5%, respectively. Given Mr. Wenjie REN's industry and management experience and his familiarity with the domestic market in China, the initial Shareholders had appointed Mr. Wenjie REN to lead the operations and management of our Company.

Phase Motion Control was founded in Italy and has been controlled by Marco Venturini. Phase Motion Control is primarily engaged in the research, development and production of motors and drives. Northmag was a company incorporated in the Netherlands with principal business in high-tech servo motors at that time, and was later merged into Phase Motion Control by absorption. Mr. Ye ZUO, the ultimate controller of Foratex Limited, had years of experience in import and export trade with financial background. Mr. Liku SHANG was a professional in the field of rare earth permanent magnet synchronous motors.

Changes in Shareholding and Corporate Form of our Company

Major Changes in Shareholding Prior to the Track Record Period

In December 2011, Northmag transferred 31% of the registered capital of the Company to Phase Motion Control at a consideration of US$211,701. Upon completion of such share transfer, our Company was held by Phase Motion Control as to 51%. In August 2015, Phase Motion Control transferred all of its 51% shareholding in our Company to Mr. Wenjie REN at a consideration of RMB73.5 million funded by his own funds.

In November 2015, (i) Foratex Limited transferred 4% of the registered capital of the Company to Ningbo Hongrui at the consideration of RMB5,765,794.78; (ii) Foratex Limited transferred 10% of the registered capital of the Company to Mr. Ye ZUO at the nominal consideration of USD1; and (iii) Mr. Wenjie REN transferred 4% of the registered capital of the Company to Ningbo Hongrui at the consideration of RMB5,765,794.78.

In December 2016, the Company transformed from a Sino-foreign joint venture into a domestic-funded enterprise. In December 2017, to establish the Employee Incentive Platforms, Ningbo Hongjun, Ningbo Hongche and Ningbo Honglan injected RMB19,594,898.47, RMB5,038,688.18 and RMB3,359,125.46 respectively into the Company.

From 2015 to 2021, our Company conducted four rounds of [**REDACTED**] Investments. The details of such [**REDACTED**] Investments are set out in the "— [**REDACTED**] Investments" below.

The following table sets forth the equity interest structure of our Company as of December 31, 2021:

No.	Name of Shareholders[1]	Registered Capital Subscribed	Equity Interest Percentage
		(RMB)	
1.	Mr. Wenjie REN	35,282,269	27.47%
2.	Ningbo Hongrui[2]	24,494,896	19.07%
3.	Future Industry Investment Fund[3]	12,851,200	10.01%
4.	Hefeng Venture Capital[3]	11,451,564	8.92%
5.	Mr. Ye ZUO[4]	10,649,955	8.29%
6.	Ningbo Hongjun[5]	8,906,722	6.94%
7.	Ms. Jin HU[6]	6,234,740	4.85%
8.	Huijia Huijin[3]	4,008,047	3.12%
9.	Shenzhen SAIF[3]	3,180,990	2.48%
10.	Xingzheng SAIFU[3]	2,517,226	1.96%
11.	Ningbo Hongche[5]	2,290,313	1.78%
12.	Huangshan SAIFU[3]	1,908,594	1.49%
13.	Ningbo Honglan[5]	1,526,875	1.19%
14.	Xiamen SAIFU[3]	1,272,396	0.99%
15.	Jiequan Meidu[3]	1,192,871	0.93%
16.	Xingzheng SAIFU I[3]	663,764	0.52%
Total . .		**128,432,472**	**100.00%**

Notes:

(1) Save as disclosed in "— Employee Incentive Platforms" and "— [**REDACTED**] Investments — Information on the [**REDACTED**] Investors", to the best knowledge of our Directors, (i) there is no past or present relationships among these Shareholders, their existing shareholders and directors; and (ii) there is no past or present relationship among the Shareholders, their existing shareholders, their existing directors and our Company and our subsidiaries, their existing controlling shareholders, directors and senior management, and any of their respective existing associates.

(2) Ningbo Hongrui was established in the PRC as a limited partnership on July 13, 2015. Mr. Wenjie REN is the sole general partner of Ningbo Hongrui and holds approximately 1.60% of the partnership interest in Ningbo Hongrui. As of the Latest Practicable Date, Ningbo Hongrui had 11 limited partners, including Ms. Yahong DING, Mr. Yi DONG and Mr. Dongsheng HE, each an executive Director (holding approximately 5.16%, 12.12% and 45.50% of the partnership interests in Ningbo Hongrui respectively), Ms. Meixiang LIU, the deputy chief financial officer of the Company (holding approximately 4.73% of the partnership interest in Ningbo Hongrui), and Ms. Xiaoying XU, a deputy general manager of the Company (holding approximately 11.25% of the partnership interest in Ningbo Hongrui), four other key employees of our Group (holding approximately 14.22% of the partnership interest in Ningbo Hongrui) and two Independent Third Parties (holding approximately 4.35% of the partnership interest in Ningbo Hongrui).

(3) Please refer to "— [**REDACTED**] Investments — Information on the [**REDACTED**] Investors" below.

(4) Mr. Ye ZUO served as a former Director of the Company from September 2006 to December 2019 and a former Supervisor from December 2019 to August 27, 2025 when the supervisory committee of the Company was abolished. He is an Independent Third Party.

(5) Please refer to "— Employee Incentive Platforms" below.

(6) Ms. Jin HU is the spouse of Mr. Wenjie REN.

Investment and Equity Transfers During the Track Record Period

In January 2024, the Company conducted the Series C Financing. The details of such [**REDACTED**] Investment are set out in the "— [**REDACTED**] Investments" below.

The following table sets forth the equity interest structure of our Company as of December 31, 2025:

No.	Name of Shareholders[1]	Registered Capital Subscribed	Equity Interest Percentage
		(RMB)	
1.	Mr. Wenjie REN	35,282,269	22.17%
2.	Ningbo Hongrui	24,494,896	15.39%
3.	Metropolitan Industrial Investment Fund[2]	18,753,042	11.79%
4.	Future Industry Investment Fund	12,851,200	8.08%
5.	Hengfeng Venture Capital	11,451,564	7.20%
6.	Mr. Ye ZUO	10,649,955	6.69%
7.	Ningbo Hongjun	8,906,772	5.60%
8.	Future Industry Investment Fund II[2]	7,952,475	5.00%
9.	Ms. Jin HU	6,234,740	3.92%
10.	Huijia Huijin	4,008,047	2.52%
11.	Shenzhen SAIF	3,180,990	2.00%
12.	Xingzheng SAIFU	2,517,226	1.58%
13.	Ningbo Hongche	2,290,313	1.44%
14.	Tongshang Venture Capital[2]	1,988,119	1.25%
15.	New Kinetic Energy Fund[2]	1,988,119	1.25%
16.	Huangshan SAIFU	1,908,594	1.20%
17.	Ningbo Honglan	1,526,875	0.96%
18.	Xiamen SAIFU	1,272,396	0.80%
19.	Jiequan Meidu	1,192,871	0.75%
20.	Xingzheng SAIFU I	663,764	0.42%
Total . .		**159,114,227**	**100.00%**

Notes:

(1) Save as disclosed in "— Employee Incentive Platforms" and "— [**REDACTED**] Investments — Information on the [**REDACTED**] Investors", to the best knowledge of our Directors, (i) there is no past or present relationship among these Shareholders, their existing shareholders and directors; and (ii) there is no past or present relationship among the Shareholders, their existing shareholders, their existing directors and our Company and our subsidiaries, their existing controlling shareholders, directors and senior management, and any of their respective existing associates.

(2) Please refer to "— [**REDACTED**] Investments — Information on the [**REDACTED**] Investors."

Conversion into a Joint Stock Limited Liability Company

On August 23, 2019, the Shareholders passed resolutions approving the conversion of our Company from a limited liability company into a joint stock limited liability company. Pursuant to the promoters' agreement dated December 3, 2019 and the Shareholders' resolution dated the same date, all promoters (being all the then Shareholders) approved the conversion of the net assets value of our Company as of May 31, 2019 of RMB246,286,263.91 into 127,239,601 Shares. Upon the completion of the conversion, the registered capital of our Company was RMB127,239,601 divided into 127,239,601 Shares with a nominal value of RMB1 each, which were subscribed by all the then Shareholders in proportion to their respective equity interest in our Company before the conversion. The conversion was completed on December 20, 2019 and our Company was renamed Ningbo Physis Technology Co., Ltd.

Our PRC Legal Advisor has confirmed that the above mentioned equity transfers, capital increases and joint-stock conversion have been properly and legally completed in all material aspects and all requisite regulatory approvals have been obtained in accordance with the applicable PRC laws and regulations.

Shareholding Structure of our Company

Capitalization of our Company

The table below is a summary of our Company as of the date of this document and the [**REDACTED**] (assuming the [**REDACTED**] and the options under the [**REDACTED**] Share Option Scheme are not exercised):

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] and the options under the [REDACTED] Share Option Scheme are not exercised)		
Shareholders	**Number of Unlisted Shares Held**	**Approximate ownership percentage**	**Number of Unlisted Shares Held**	**Number of H Shares Held**	**Approximate ownership percentage**
Controlling Shareholders	**78,735,865**	**49.48%**	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wenjie REN	35,282,269	22.17%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Hongrui	24,494,896	15.39%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Hongjun	8,906,772	5.60%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Jin HU	6,234,740	3.92%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Hongche	2,290,313	1.44%	[REDACTED]	[REDACTED]	[REDACTED]
Ningbo Honglan	1,526,875	0.96%	[REDACTED]	[REDACTED]	[REDACTED]
CS Capital[(1)]	**26,705,517**	**16.78%**	[REDACTED]	[REDACTED]	[REDACTED]
Metropolitan Industrial Investment Fund	18,753,042	11.79%	[REDACTED]	[REDACTED]	[REDACTED]
Future Industry Investment Fund II	7,952,475	5.00%	[REDACTED]	[REDACTED]	[REDACTED]
Future Industry Investment Fund	12,851,200	8.08%	[REDACTED]	[REDACTED]	[REDACTED]
State-Owned Assets Supervision & Administration Commission of Ningbo Municipal Government[(1)]	**15,427,802**	**9.70%**	[REDACTED]	[REDACTED]	[REDACTED]
Hefeng Venture Capital	11,451,564	7.20%	[REDACTED]	[REDACTED]	[REDACTED]
Tongshang Venture Capital	1,988,119	1.25%	[REDACTED]	[REDACTED]	[REDACTED]
New Kinetic Energy Fund	1,988,119	1.25%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Ye ZUO	10,649,955	6.69%	[REDACTED]	[REDACTED]	[REDACTED]
Huijia Huijin	4,008,047	2.52%	[REDACTED]	[REDACTED]	[REDACTED]
Shenzhen SAIF	3,180,990	2.00%	[REDACTED]	[REDACTED]	[REDACTED]
Industrial Capital Management[(1)]	**3,180,990**	**2.00%**	[REDACTED]	[REDACTED]	[REDACTED]
Xingzheng SAIFU	2,517,226	1.58%	[REDACTED]	[REDACTED]	[REDACTED]
Xingzheng SAIFU I	663,764	0.42%	[REDACTED]	[REDACTED]	[REDACTED]

	As of the Latest Practicable Date		Immediately upon completion of the [REDACTED] (assuming the [REDACTED] and the options under the [REDACTED] Share Option Scheme are not exercised)		
Shareholders	**Number of Unlisted Shares Held**	**Approximate ownership percentage**	**Number of Unlisted Shares Held**	**Number of H Shares Held**	**Approximate ownership percentage**
Tianjin Saifu Shengyuan[(1)]	**3,180,990**	2.00%	[REDACTED]	[REDACTED]	[REDACTED]
Huangshan SAIFU	1,908,594	1.20%	[REDACTED]	[REDACTED]	[REDACTED]
Xiamen SAIFU	1,272,396	0.80%	[REDACTED]	[REDACTED]	[REDACTED]
Jiequan Meidu	1,192,871	0.75%	[REDACTED]	[REDACTED]	[REDACTED]
[**REDACTED**] taking parts in the [REDACTED]	–	–	–	[REDACTED]	[REDACTED]
Total	**159,114,227**	**100.00%**	[REDACTED]	[REDACTED]	**100.00%**

Notes:

(1) See "— [**REDACTED**] Investments — Information on the [**REDACTED**] Investors" below for details.

EMPLOYEE INCENTIVE PLATFORMS

In order to improve the corporate governance of our Company and promote the establishment and improvement of our incentive constraint mechanism, multiple limited partnerships, namely, Ningbo Hongjun, Ningbo Hongche and Ningbo Honglan were established in the PRC as the Employee Incentive Platforms pursuant to the [**REDACTED**] Equity Incentive Scheme we adopted in 2017. For details of the [**REDACTED**] Equity Incentive Scheme, see "Appendix VI — Statutory and General Information".

Ningbo Hongjun

Ningbo Hongjun was established in the PRC as a limited partnership on December 15, 2017. Mr. Wenjie REN is the sole general partner of Ningbo Hongjun and holds approximately 83.61% of the partnership interest in Ningbo Hongjun. As of the Latest Practicable Date, Ningbo Hongjun had 12 limited partners, including Ms. Yahong DING, Mr. Yi DONG and Mr. Dongsheng HE, each an executive Director (each holding approximately 0.34% of the partnership interest in Ningbo Hongjun), and Mr. Yang LI, the chief financial officer of the Company (holding approximately 2.81% of the partnership interest in Ningbo Hongjun), Ms. Meixiang LIU, the deputy chief financial officer of the Company (holding approximately 0.34% of the partnership interest in Ningbo Hongjun), and Ms. Xiaoying XU, a deputy general manager of the Company (holding approximately 0.34% of the partnership interest in Ningbo Hongjun), five other key employees of our Group (holding approximately 9.09% of the partnership interest in Ningbo Hongjun) and Zhihong LI, an Independent Third Party (holding approximately 2.81% of the partnership interest in Ningbo Hongjun). As of the Latest Practicable Date, Ningbo Hongjun held approximately 5.60% of the number of issued Shares of our Company. The voting rights attaching to the Shares held by Ningbo Hongjun are exercisable by Mr. Wenjie REN as the general partner.

Ningbo Hongche

Ningbo Hongche was established in the PRC as a limited partnership on December 14, 2017. Mr. Wenjie REN is the sole general partner of Ningbo Hongche and holds approximately 47.61% of the partnership interest in Ningbo Hongche. As of the Latest Practicable Date, Ningbo Hongche had eight limited partners who are key employees of our Group (holding approximately 52.39% of the partnership interest in Ningbo Hongche). As of the Latest Practicable Date, Ningbo Hongche held approximately 1.44% of the number of issued Shares of our Company. The voting rights attaching to the Shares held by Ningbo Hongche are exercisable by Mr. Wenjie REN as the general partner.

Ningbo Honglan

Ningbo Honglan was established in the PRC as a limited partnership on December 15, 2017. Mr. Wenjie REN is the sole general partner of Ningbo Honglan and holds approximately 65.29% of the partnership interests Ningbo Honglan. As of the Latest Practicable Date, Ningbo Honglan had 11 limited partners who are key employees of our Group (holding approximately 34.71% of the partnership interests in Ningbo Honglan). As of the Latest Practicable Date, Ningbo Honglan held approximately 0.96% of the number of issued Shares of our Company. The voting rights attaching to the Shares held by Ningbo Honglan are exercisable by Mr. Wenjie REN as the general partner.

[**REDACTED**] SHARE OPTION SCHEME

We have adopted the [**REDACTED**] Share Option Scheme, the purpose of which is to recognize the contribution to our Group by our employees. For details of the [**REDACTED**] Share Option Scheme, see "Appendix VI — Statutory and General Information." Save as disclosed above and in "Appendix VI — Statutory and General Information," as of the Latest Practicable Date, our Group does not have any outstanding share options, warrants, convertible debt securities or other convertible instruments, or similar rights convertible into our Shares.

MAJOR SUBSIDIARIES OF OUR COMPANY

We operate our businesses primarily through our Company and our major subsidiaries. As of the Latest Practicable Date, the major subsidiaries of our Group as set out below.

Physis Motion

Physis Motion was established in the PRC on August 2, 2007 and is our wholly-owned subsidiary, with a current registered capital of RMB100,610,751. It is primarily engaged in R&D, manufacturing and sale of servo motors, servo drives, servo systems and control system products.

Physis New Energy

Physis New Energy was established in the PRC on August 11, 2016. It is a wholly-owned subsidiary of the Company and is primarily engaged in R&D and sale of NEV motors electric drive related products.

OSAI ITA

OSAI ITA was incorporated in Italy on October 1, 2019. It is a wholly-owned subsidiary of the Company and is primarily engaged in the research, development, production and sales of CNC products.

Innovation Center

Innovation Center was established in the PRC on September 2, 2022. It is a non-wholly owned subsidiary of our Company and is primarily engaged in R&D of electric drives across a range of applications. For details on the shareholding structure of Innovation Center, please refer to "— Corporate Structure" below.

For detailed information of the changes in the share capital of our subsidiaries, see "Appendix VI — Statutory and General Information — A. Further Information about Our Group — 3. Changes in Share Capital of Our Subsidiaries."

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

In November 2019, the Company and Prima Electro entered into (1) a share purchase agreement (the "**SPA**"), pursuant to which the Company acquired 60% equity interests in OSAI ITA for a consideration of EUR6 million, and (2) a shareholders' agreement (the "**SHA**"), pursuant to which Prima Electro granted us the right to purchase, and we granted Prima Electro the right to sell, the remaining 40% equity interest in OSAI ITA. In July 2022, Prima Electro exercised its put right pursuant to the SHA, and we acquired from Prima Electro the remaining 40% equity interests in OSAI ITA for a consideration of EUR4,547,645.

The acquisition of the 60% equity interests in OSAI ITA was properly and legally completed and fully settled on December 12, 2019, and the consideration was determined after arm's length negotiations between our Company and Prima Electro with reference to the enterprise value of OSAI ITA as negotiated and agreed among the parties. The acquisition of the remaining 40% equity interests in OSAI ITA was properly and legally completed and fully settled on August 1, 2022, and the consideration was determined after arm's length negotiations between our Company and Prima Electro based on the enterprise value of OSAI ITA with reference to its financial position as of December 31, 2021. Upon completion of the two-step acquisition in 2022, the Company owned 100% equity interests in OSAI ITA.

Prima Electro is an Italian company operating in the field of high power laser sources and industrial electronics. It is wholly owned by Prima Industrie S.p.A. which is listed on Milan Exchange (Stock Code: PRI: IM). Prior to our acquisition of OSAI ITA, Prima Electro owned the brand "OSAI." OSAI originated in Italy, specializing in CNC (computer numerical control) and automation systems. OSAI ITA was incorporated in Italy by Prima Electro in October 2019, and pursuant to the SPA, Prima Electro had injected the business unit responsible for the "OSAI" brand (including but not limited to the employees, customer lists, the brand, know-how, service warehouse, equity interest in OSAI UK, OSAI China and OSAI North America) into OSAI ITA. OSAI ITA is headquartered in Ivrea, Italy and has subsidiaries in Italy, China, the United Kingdom and the United States. It is principally engaged in the research, development, production and sales of CNC products. The Board believe that the acquisition of OSAI ITA is in line with international development strategy of our Group. It would enable us to enhance the Company's research and development strength in high-end CNC system technology, accelerate the development of our control system products, expand our footprints into overseas markets, especially the European market, and leverage the expertise and knowledge of OSAI ITA.

None of the applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of OSAI ITA exceed 25% which would require disclosure pursuant to Rule 4.05A of the Listing Rules. Save as disclosed above, there has been no material acquisitions, disposals or mergers undertaken by our Group during the Track Record Period and up to the Latest Practicable Date.

PREVIOUS A-SHARE LISTING ATTEMPTS AND REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

In June 2021, our Company submitted an application for listing (the "**Previous A-Share Listing Application**") to list the Shares on the STAR Market of the Shanghai Stock Exchange. During the Previous A-Share Listing Application process, the Shanghai Stock Exchange issued three rounds of review comment letters with questions concerned primarily on the following areas: (i) the loss-making position of the NEV solutions business and its expansion plan; (ii) the relationship with Phase Motion Control S.p.A., one of the Company's initial Shareholders and a major customer; (iii) the reasonableness of the proposed use of proceeds from the proposed A-share listing; (iv) the arrangement of the consignment model with one of its customers; (v) level of its core technology; (vi) financial performance, particularly costs and gross profit margin; and (vii) the acquisition of OSAI ITA. The Company had responded to all three rounds of questions.

In November 2021, the Previous A-Share Listing Application was referred to the listing committee of the Shanghai Stock Exchange for consideration. On November 24, 2021, the Shanghai Stock Exchange issued a letter terminating the vetting of the Previous A-Share Listing Application on the grounds that the following comments had not been satisfactorily addressed: (1) the reasons and rationality for the delayed investment in construction-in-progress projects related to the new energy vehicle business, as well as the sufficiency of relevant information disclosure, and the compliance of continuing to recognize interest capitalization for these construction-in-progress projects; (2) the sufficiency of impairment provisions for relevant construction-in-progress and fixed assets of already built capacity in the context of declining revenue and profitability, as well as low capacity utilization in the new energy vehicle business, and the necessity of related fundraising projects; (3) the sufficiency of information disclosure regarding the continuous recognition of deferred tax assets and their impact on profits during the reporting period (as of December 31, 2018, 2019, 2020 and June 30, 2021).

Other than disclosed in this section, there was no other outstanding comments from the Shanghai Stock Exchange in relation to the Previous A-Share Listing Application, nor was there any disagreement between our Company and the Shanghai Stock Exchange or any working parties involved in the Previous A-Share Listing Application.

Having taken into account the details relating to our technology capabilities, financial performance during the Track Record Period, business development strategies and path to profitability as disclosed in the "Business" and "Financial Information" sections in this document, our Directors are of the view, and the Sole Sponsor concurs, that the above-mentioned comments and concerns from the Shanghai Stock Exchange would not render our Company not suitable for [**REDACTED**] on the Stock Exchange.

In March 2022, we engaged Haitong Securities Co., Ltd. (海通證券股份有限公司) to provide tutoring (the "**Tutoring**") to us in preparation a potential application for listing on the STAR Market of the Shanghai Stock Exchange ("**Previous A-Share Listing Plan**") and filed the tutoring filing (輔導備案) (the "**Tutoring Filing**") with the Ningbo Regulatory Bureau of the CSRC (中國證券監督管理委員會寧波監管局). After considering our then future development strategies and the then regulatory and marketing environment, we voluntarily ceased the Previous A-Share Listing Plan and terminated the Tutoring based on mutual agreement with Haitong Securities Co., Ltd. in June 2025, without submitting any formal application for listing on the STAR Market of the Shanghai Stock Exchange or any stock exchange in the PRC. During the period of the Tutoring, there had been no comment or inquiry from the Ningbo Regulatory Bureau of the CSRC (中國證券監督管理委員會寧波監管局) in connection with the Tutoring Filing, nor material disagreement between our Company and any professional parties engaged for the Tutoring Filing.

Our Directors confirm that save as disclosed in this section, there is no other matter in relation to the Previous A-Share Listing Application and the Previous A-Share Listing Plan that needs to be brought to the attention of the Stock Exchange or potential [**REDACTED**]. Based on the aforesaid and the Sole Sponsor's due diligence work, the Sole Sponsor concurs with the Directors' view that nothing in relation to the Previous A-Share Listing Application and the Previous A-Share Listing Plan has come to its attention that needs to be brought to the attention of the Stock Exchange or potential [**REDACTED**].

In seeking for a [**REDACTED**] on the Hong Kong Stock Exchange, our Directors believe that the [**REDACTED**] will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects, and the [**REDACTED**] on the Stock Exchange will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our [**REDACTED**] base and broaden our access to international capital markets.

[REDACTED] INVESTMENTS

Overview

The following tables summarizes the key terms of the [**REDACTED**] Investments:

No.	Round	Form of investment	Date of agreement	Date of full settlement of consideration	[REDACTED] Investors[1]	Registered capital subscribed for/acquired	Amount of consideration paid	Post-money valuation of our Company[2] (approx.)	Cost per Share[3] (approx.)	Discount to H Share [REDACTED][4] (approx.)
1. . .	Transfer of registered capital and Series A Financing in 2015 and 2016	Transfer of registered capital from existing Shareholder Mr. Wenjie REN	November 24, 2015	November 30, 2015	Guotou Chuangxin (Beijing) Investment Fund Corporation Limited (國投創新(北京)投資基金有限公司) ("**Guotou Chuangxin**")	RMB12,596,720.45	RMB44,550,000	RMB405 million	RMB3.54	[REDACTED]
			December 15, 2015	December 21, 2015	Hefeng Venture Capital	RMB11,451,564.04	RMB40,500,000			
			July 4, 2016	July 6, 2016	Future Industry Investment Fund	RMB4,835,104.92	RMB17,100,000			
		Subscription of increased registered capital by cash	July 25, 2016	August 18, 2016	Future Industry Investment Fund	RMB8,016,094.73	RMB28,350,000			
2. . .	Transfer of registered capital in 2018	Transfer of registered capital from Guotou Chuangxin	December 29, 2018	January 28, 2019	Xingzheng SAIFU	RMB2,517,225.54	RMB39,566,700	RMB2,000 million	RMB15.72	[REDACTED]
				January 28, 2019	Xingzheng SAIFU I	RMB663,764.47	RMB10,433,300			
				January 24, 2019	Huangshan SAIFU	RMB1,908,594.01	RMB30,000,000			
				January 24, 2019	Xiamen SAIFU	RMB1,272,396.00	RMB20,000,000			
				January 24, 2019	Shenzhen SAIF	RMB2,226,693.02	RMB35,000,000			
		Transfer of registered capital from Mr. Wenjie REN		January 24, 2019	Shenzhen SAIF	RMB954,297.00	RMB15,000,000			
3. . .	Series B Financing	Subscription of increased registered capital by cash	December 23, 2020	December 25, 2020	Jiequan Meidu	RMB1,192,871	RMB30,000,000	RMB3,230 million	RMB25.15	[REDACTED]

No.	Round	Form of investment	Date of agreement	Date of full settlement of consideration	[REDACTED] Investors(1)	Registered capital subscribed for/acquired	Amount of consideration paid	Post-money valuation of our Company(2) (approx.)	Cost per Share(3) (approx.)	Discount to H Share [REDACTED](4) (approx.)
4. . .	Transfer of registered capital in 2021	Transfer of registered capital from Guotou Chuangxin	February 7, 2021	March 4, 2021	Huijia Huijin	RMB4,008,047.00	RMB81,139,300	RMB2,600 million	RMB20.24	[REDACTED]
5. . .	Series C Financing	Subscription of increased registered capital by cash	January 28, 2024	February 5, 2024	Future Industry Investment Fund II	RMB7,952,475.00	RMB200,000,000	RMB4,002 million	RMB25.15	[REDACTED]
				February 6, 2024	New Kinetic Energy Fund	RMB1,988,119.00	RMB50,000,000			
				February 6, 2024	Tongshang Venture Capital	RMB1,988,119.00	RMB50,000,000			
		Subscription of increased registered capital(5)		January 28, 2024	Metropolitan Industrial Investment Fund	RMB18,753,042.00	RMB471,627,800			

Notes:

(1) For the details of the [**REDACTED**] Investors, see "— Information on the [**REDACTED**] Investors."

(2) The post-money valuation of our Company equals the total consideration paid by the [**REDACTED**] Investors in each round of the [**REDACTED**] Investments, divided by the ownership or shareholding percentage of the [**REDACTED**] Investors immediately after the [**REDACTED**] Investment.

(3) The cost per unit of registered capital or Share paid by each [**REDACTED**] Investor was calculated based on the amount of investment made and amount of registered capital or number of Shares held by the [**REDACTED**] Investor immediately after the [**REDACTED**] Investment, and adjusted with reference to the conversion of capital reserve to registered share capital of our Company as set out in "— Conversion into a Joint Stock Limited Liability Company" above.

(4) The discount is calculated based on the [**REDACTED**] Price of [**REDACTED**] per H Share (being the mid-point of the indicative [**REDACTED**] range of [**REDACTED**] to [**REDACTED**]).

(5) The consideration comprises 12,000,000 shares of Physis New Energy (the "**Consideration Shares**") held by Metropolitan Industrial Investment Fund, representing 37.5% equity interest in Physis New Energy at that time. The Consideration Shares was valued at RMB471,627,800 with reference to the enterprise value of Physis New Energy as negotiated and agreed among the parties.

Basis of determination of the valuation and consideration	The considerations for the [**REDACTED**] Investments were determined based on arm's length negotiation between the parties taking into account the timing of the investments and the status of the Company's business operations, product development advancement and future prospects.
Use of [REDACTED] and whether they have been fully utilized	With regard to the [**REDACTED**] Investments which were effected by way of transfer of registered capital from existing Shareholder(s), no [**REDACTED**] were received by our Company. As of the Latest Practicable Date, all net [**REDACTED**] raised from Series A Financing, Series B Financing and Series C Financing had been fully applied as general working capital.
Lock-up period . . .	The [**REDACTED**] Investors are subject to a lock up period of 12 months following the [**REDACTED**] according to the PRC Company Law.
Strategic benefits of the [REDACTED] Investments brought to Our Group	Our Directors were of the view that our Group could benefit from the additional funds provided by the [**REDACTED**] Investors' investments in our Group. In addition, Our Directors believed that our Company could benefit from the [**REDACTED**] Investors' knowledge and experience, and could take advantage of their industry resources and networks, while broadening our shareholder base, and their commitment to our Company as their investment demonstrates their confidence in the operations of our Group and serves as an endorsement of Company's performance, strength and prospects.

Information on the [REDACTED] Investors

To the best knowledge of our Directors, save as otherwise disclosed below, (i) there is no past or present relationship among the [**REDACTED**] Investors, their existing shareholders and directors; and (ii) the [**REDACTED**] Investors are Independent Third Parties, and there is no past or present relationship among the [**REDACTED**] Investors, their existing shareholders, their existing directors and our Company and our subsidiaries, their existing controlling shareholders, directors and senior management, and any of their respective existing associates.

Metropolitan Industrial Investment Fund is a substantial shareholder of the Company and therefore is a connected person of the Company. CS Capital is the general partner of Metropolitan Industrial Investment Fund and the manager of Future Industry Investment Fund II. As such, CS Capital is deemed to be interested in the Shares held by Metropolitan Industrial Investment Fund and Future Industry Investment Fund II, and therefore a substantial shareholder of the Company. Accordingly, CS Capital is a connected person of the Company. Future Industry Investment Fund II, an associate of CS Capital, is therefore also a connected person of the Company. Save for Metropolitan Industrial Investment Fund and Future Industry Investment Fund II, to the best of our Company's knowledge, information and belief and having made all reasonable enquiries, as of the Latest Practicable Date, all the other [**REDACTED**] Investors and their respective ultimate beneficial owner(s) (if any) were Independent Third Parties.

CS Capital — Metropolitan Industrial Investment Fund and Future Industry Investment Fund II

Each of Metropolitan Industrial Investment Fund (Limited Partnership) (京津冀產業協同發展投資基金(有限合夥)) and Future Industry Investment Fund II (Limited Partnership) (先進製造產業投資基金二期(有限合夥)) is a limited partnership formed under the laws of the PRC, the general partner and manager of which is CS Capital. CS Capital has 11 shareholders with two largest shareholders each holding 20% equity interest, including China SDIC Gaoxin Industrial Investment Corp. Ltd. (中國國投高新產業投資有限公司) which is ultimately controlled by the State-owned

Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), a PRC Governmental Body as defined under the Listing Rules, and China Merchants Capital Management Co., Ltd. (招商局資本管理有限責任公司) ("**CMC Management**"), which is indirectly owned as to 50% by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司), which in turn is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council.

As of the Latest Practicable Date, (1) Metropolitan Industry Investment Fund had 17 limited partners and to the best knowledge of our Directors, other than two limited partners, being National Development and Investment Group Co., Ltd. (國家開發投資集團有限公司) and China Merchants Capital Holding Co., Ltd. (招商局資本控股有限責任公司), both of which were ultimately held by the State Council (國務院) or the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) as to 50% or more, with the two limited partners holding approximately 31% in aggregate, the other limited partners of Metropolitan Industry Investment Fund are not close associate (as defined under the Listing Rules) of each other and none of them held 30% or more, and (2) Future Industry Investment Fund II has 37 limited partners with none of them holding 30% or more, and, to the best knowledge of our Directors, the limited partners are not a close associate of each other.

Future Industry Investment Fund

Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合夥)) (previously known as Guotou Future Industry Investment Fund (Limited Partnership) (國投先進製造產業投資基金(有限合夥)) is a limited partnership established under the laws of the PRC. It is managed by SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司) ("**SDIC Fund**") which is held as to 40% by China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council. SDIC Fund is an equity investment management institution with investments in a range of industries. SDIC Fund and its affiliates has nearly RMB100 billion of assets under management. As of the Latest Practicable Date, Future Industry Investment Fund has 11 limited partners with MOF holding 35.48% and none of the other limited partners holding 30% or more, and to the best knowledge of our Directors, the limited partners are not a close associate of each other.

Huijia Huijin

Hainan Huijia Huijin Equity Investment Fund Partnership (Limited Partnership) (海南匯嘉匯金股權投資基金合夥企業(有限合夥)) is a limited partnership established in the PRC and is managed by its general partner, Beijing Orient Huijia Fund Management Co., Ltd. (北京東方匯嘉基金管理有限公司), which is ultimately controlled by Mr. Weidong WANG (王衛東). As of the Latest Practicable Date, Huijia Huijin had 34 limited partners, and none of them held 30% or more of its partnership interests. To the best knowledge of our Directors, the limited partners of Huijia Huijin are not a close associate of each other.

Shenzhen SAIF

Shenzhen Futian SAIF Dynamiques Equity Investment Fund Partnership (Limited Partnership) (深圳市福田賽富動勢股權投資基金合夥企業(有限合夥)) is a limited partnership established in the PRC and is managed by its general partner, Shenzhen SAIF Dynamiques Equity Investment Fund Management Enterprise (Limited Partnership) (深圳市賽富動勢股權投資基金管理企業(有限合夥)), which is ultimately controlled by Mr. Fengchun JIN (金鳳春). As of the Latest Practicable Date, Shenzhen SAIF had 18 limited partners, and was held as to approximately 26.98% by China Merchants Securities Asset Management Co., Ltd. (招商證券資產管理有限公司) as the largest limited partner, who, to the best knowledge of our Directors, as of the Latest Practicable Date, does not have any control over Shenzhen SAIF. To the best knowledge of our Directors, the limited partners of Shenzhen SAIF are not a close associate of each other.

Industrial Capital Management — Xingzheng SAIFU and Xingzheng SAIFU I

Each of Xingzheng SAIFU and Xingzheng SAIFU I is a limited partnership established in the PRC principally engaged in equity investment and consulting services. The general partner of both Xingzheng SAIFU and Xingzheng SAIFU I is Industrial Capital Management Co., Ltd. (興証創新資本管理有限公司) ("**Industrial Capital Management**"), which is wholly owned by Industrial Securities Co., Ltd. (興業證券股份有限公司), whose largest shareholder is Fujian Provincial Department of Finance (福建省財政廳), holding 20.49% of its equity interests. Xingzheng SAIFU has 49 limited partners and none of the limited partners holds 30% or more of partnership interests. Xingzheng SAIFU I has 20 limited partners and none of the limited partners holds 30% or more of partnership interests. To the best knowledge of our Directors, the limited partners of each of Xingzheng SAIFU and Xingzheng SAIFU I are not a close associate of each other.

Tianjin Saifu Shengyuan — Huangshan SAIFU and Xiamen SAIFU

Huangshan SAIF Tourism Cultural Industry Development Fund (Limited Partnership) (黃山賽富旅遊文化產業發展基金(有限合夥)) is a limited partnership established in the PRC. The general partner of Huangshan SAIFU is Huangshan Saifu Fund Management Co., Ltd. (黃山賽富基金管理有限責任公司). Huangshan SAIFU is an investment fund focusing on technology, culture and tourism and innovative platform and ultimately controlled by Mr. Andrew Y. YAN (閻焱) who is the representative of the managing partner of Tianjin Saifu Shengyuan Investment Management Center (Limited Partnership) (天津賽富盛元投資管理中心(有限合夥)) ("**Tianjin Saifu Shengyuan**"). The remaining limited partnership interests are held by (i) Shenzhen Jinsheng Shuoheng Venture Capital Center (L.P.) (深圳金晟碩恒創業投資中心(有限合夥)) a private equity investment company ultimately controlled by Mr. Ye LI (李曄), as to 40%, (ii) Bank of China Asset Management Co., Ltd (中銀資產管理有限公司), a company controlled by Bank of China Limited, a company listed on the Shanghai Stock Exchange and the Stock Exchange (stock code: 601988.SH and 03988.HK), as to 35% and (iii) Huangshan Tourism Development Co., Ltd. (黃山旅遊發展股份有限公司) (stock code: 600054.SH), a company listed on the Shanghai Stock Exchange and ultimately controlled by Huangshan City Local Financial Supervision and Administration Bureau (黃山市地方金融監督管理局) as to 24%. To the best knowledge of our Directors, the limited partners of Huangshan SAIFU are not a close associate of each other.

Xiamen SAIF Equity Investment Partnership (Limited Partnership) (廈門賽富股權投資合夥企業(有限合夥)) is a limited partnership established in the PRC. The general partner of Xiamen SAIFU is Tianjin Saifu Shengyuan, which is ultimately controlled by Mr. Andrew Y. YAN. As of the Latest Practicable Date, Xiamen SAIFU had 20 limited partners, and was held as to approximately 18.95% and 18.95% by ICBC (Hangzhou) Equity Investment Fund Management Partnership (Limited Partnership) (工銀(杭州)股權投資基金合夥企業(有限合夥)) and Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司) respectively, each as the largest limited partner. To the best knowledge of our Directors, the limited partners of Xiamen SAIFU are not a close associate of each other.

As of the Latest Practicable Date, Tianjin Saifu Shengyuan is also a limited partner of Xingzheng SAIFU and Xingzheng SAIF I holding approximately 0.43% and 0.43% partnership interests respectively. To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, save as disclosed above, as of the Latest Practicable Date, there was no other equity relationship between Xingzheng SAIFU and Xingzheng SAIFU I on one hand, and Huangshan SAIFU and Xiamen SAIFU on the other.

State-Owned Assets Supervision & Administration Commission of Ningbo Municipal Government — Hefeng Venture Capital, Tongshang Venture Capital and New Kinetic Energy Fund

Ningbo Hefeng Venture Capital Co., Ltd. (寧波和豐創業投資有限公司) is a limited liability company established in the PRC. As of the Latest Practicable Date, Hefeng Venture Capital was wholly owned by Ningbo Industrial Investment Group Co., Ltd. (寧波工業投資集團有限公司) which was in turn held by Ningbo Tongshang Holding Group Co., Ltd. (寧波通商控股集團有限公

司) (previously known as (寧波市國有產權管理服務中心)) ("**Tongshang Holding Group**") as to 89.89%. As of the Latest Practicable Date, Tongshang Holding Group was wholly owned by State-Owned Assets Supervision & Administration Commission of Ningbo Municipal Government (寧波市人民政府國有資產監督管理委員會).

Each of Ningbo Tongshang Venture Capital Partnership (Limited Partnership) (寧波通商創業投資合夥企業(有限合夥)) and Zhejiang Free Trade Zone (Ningbo) New Kinetic Energy Industry Investment Fund (Limited Partnership) (浙江自貿區(寧波)新動能產業投資基金(有限合夥)) is a limited partnership established in the PRC and is managed by its general partner, Ningbo Tongshang Fund Management Co., Ltd. (寧波通商基金管理有限公司) ("**Tongshang Fund Management**"). Tongshang Fund Management is ultimately controlled by State-Owned Assets Supervision & Administration Commission of Ningbo Municipal Government and is held as to 10% by Tonshang Holding Group through its subsidiary, Tongshang Asset Management Co., Ltd. (寧波通商資產管理有限公司). As of the Latest Practicable Date, Tongshang Holding Group held 99.90% of the partnership interest in Tongshang Venture Capital, and Tongshang Holding Group was wholly owned by State-Owned Assets Supervision & Administration Commission of Ningbo Municipal Government. As of the Latest Practicable Date, New Kinetic Energy Fund had nine limited partners which was all ultimately controlled by Ningbo Beilun District State-Owned Assets Management Center (寧波市北侖區國有資產管理中心), and was held as to 25.16% by Ningbo Beilun Qinglun Intelligence Technology Co, Ltd. (寧波市北侖區青侖智能科技有限公司) as the largest limited partner.

Jiequan Meidu

Jiangsu Jiequan Meidu Equity Investment Fund Partnership (Limited Partnership) (江蘇 疌泉美都股權投資基金合夥企業(有限合夥)) is a limited partnership established in the PRC and is managed by its general partner, Nanjing Guangfeng Investment Management Center (Limited Partnership) (南京廣豊投資管理中心(有限合夥)), which is ultimately controlled by Mr. Yiping JIANG (江壹平). As of the Latest Practicable Date, Jiequan Meidu had five limited partners, and was held as to approximately 30.67% by Suzhou Dalio Information Technology Development Partnership (Limited Partnership) (蘇州達利歐信息科技發展合夥企業(有限合夥)) ("**Suzhou Dalio**") as the largest limited partner. Suzhou Dalio is managed by its general partner, Nanjing Dalio Management Consulting Co., Ltd. (南京達利歐管理諮詢有限公司) ("**Nanjing Dalio**"), which is ultimately controlled by Mr. Rongcan LU and has one limited partner, Weifang Zhongyuanhe Information Technology Co., Ltd. (濰坊中源合信息技術有限公司) which is ultimately controlled by State-Owned Capital Operation of Kuiwen District, Weifang City (濰坊市奎文區國有資本運營中心), holding 97.87% of its limited partnerships. To the best knowledge of our Directors, the limited partners of Jiequan Meidu are not a close associate of each other.

Special Rights of the [REDACTED] Investors

Special rights granted by our Company

Pursuant to the investment agreement and the shareholders' agreement entered into by our Company and the then Shareholders in January 2024 (the "**[REDACTED] Investment Agreements**"), the [**REDACTED**] Investors were granted certain special rights by our Company, including, among others, (i) the redemption rights granted by our Company (the "**Company Redemption Rights**"), and (ii) other rights such as director nomination, pre-emptive right, tag-along right, anti-dilution right, liquidation right and information right (the "**Other Special Rights**"). In connection with the Company Redemption Rights granted to certain [**REDACTED**] Investors, Mr. Wenjie REN provided guarantees and charged certain Shares held by him in favor of such [**REDACTED**] Investors (the "**Controlling Shareholder Guarantee and Share Charge**").

On August 27, 2025, the Company and the then Shareholders entered into a supplemental agreement (the "**Supplemental Agreement**"), pursuant to which, the Company Redemption Rights were permanently and irrevocably terminated and shall be deemed *void ab initio*, and all of the Other Special Rights shall be terminated completely on the day before the [**REDACTED**]. The Controlling Shareholder Guarantee and Share Charge were also released on October 31, 2025.

Article 143 of the Civil Code of the People's Republic of China (中華人民共和國民法典) stipulates that a civil legal act is valid if it is conducted by parties with the requisite capacity for civil conduct, is based on genuine intent, and does not contravene mandatory provisions of laws, administrative regulations or public order and morals. Adhering to the principal of autonomy of will, the Company and the [**REDACTED**] Investors explicitly agreed that the Company Redemption Rights were irrevocably terminated and deemed void ab initio. Through the execution of the Supplemental Agreement, while the clauses concerning the Company Redemption Rights have never been exercised, both parties agreed to terminate these clauses and treat them as having no legal effect from time to time of their execution, thereby restoring the rights and obligations of both parties to the status quo ante as if such clauses had never been agreed upon. This arrangement does not violate any mandatory provisions of laws, administrative regulations or public orders and morals, and is thus legally valid. Based on the above, the PRC Legal Advisors are of the view that the Company Redemption Rights agreed upon by the Company and the [**REDACTED**] Investors have been irrevocably terminated and shall be *void ab initio*.

There was no exercise of the Company Redemption Rights by any [**REDACTED**] Investor throughout the Track Record Period. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the Supplemental Agreement, the Directors considered that it is appropriate to present the [**REDACTED**] Investments as equity throughout the Track Record Period. Please also refer to note 36(b) to the Accountants' Report.

Had the Company Redemption Rights been accounted for as financial liabilities measured at present value of the redemption amount (and derivative financial instruments) prior to entering into the Supplemental Agreement, the redemption financial liabilities, total non-current liabilities and net assets would have been:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Redemption financial liabilities	503,269	1,460,657	1,538,278
Total current liabilities	1,373,098	1,468,051	3,085,912
Total non-current liabilities	871,081	1,890,792	426,435
Net assets	(181,667)	(1,017,025)	(1,157,836)

The finance costs associated with the redemption financial liabilities, the net loss for the year, basic and dilutive earning per share would have been:

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial costs	34,673	66,960	77,621
Total net loss	(146,871)	(243,914)	(139,507)
Basic earnings per share	(0.77)	(2.58)	(1.47)
Dilutive earnings per share	(0.77)	(2.58)	(1.47)

For further details of the financial impacts, see Note 36(b) to the Accountants' Report in Appendix I to this document.

Special rights granted by the Controlling Shareholder

Pursuant to the [**REDACTED**] Investment Agreements, the [**REDACTED**] Investors were also granted redemption right by our Controlling Shareholder, Mr. Wenjie REN (the "**CS Redemption Right**").

Pursuant to the Supplemental Agreement, the CS Redemption Right shall be terminated on the day before the submission of the application for an [**REDACTED**] to the Hong Kong Stock Exchange by the Company (the "[**REDACTED**] **Application**"), subject to reinstatement in the event of (a) the [**REDACTED**] Application not being approved by the Stock Exchange or the CSRC (including being rejected or returned) by December 31, 2026, (b) the Company withdrawing its [**REDACTED**] Application, (c) the Company has not resubmitted the [**REDACTED**] Application within six months after the lapse of the [**REDACTED**] Application, or (d) the [**REDACTED**] Application not being accepted, approved or being terminated by the Stock Exchange or the CSRC (the "**Reinstatement**").

As confirmed by Mr. Wenjie REN, other than the [**REDACTED**] Investment Agreements and the Supplemental Agreement (which were entered into among him, the Company and the [**REDACTED**] Investors), there is no other agreement or side agreement between him and the [**REDACTED**] Investors regarding the CS Redemption Right. As confirmed by the Company, (i) save as disclosed above, there is no other side arrangement between the Company and the [**REDACTED**] Investors or between the Company and Mr. Wenjie REN regarding the CS Redemption Right; and (ii) the Company did not provide any guarantee on the CS Redemption Right in case of default by Mr. Wenjie REN. Accordingly, no financial liability regarding the CS Redemption Right was recorded by the Company during the Track Record Period. Please also refer to note 44(e) to the Accountants' Report.

Compliance with Interim Guidance

On the basis that (i) the consideration for each of the [**REDACTED**] Investments was settled at least 28 clear days prior to the date of the first submission of the [**REDACTED**] Application, (ii) the redemption rights of the [**REDACTED**] Investors have been revoked and terminated on or before the day before the first submission of the [**REDACTED**] Application subject to the Reinstatement, and (iii) all the other special rights granted to the [**REDACTED**] Investors shall cease to be effective and be terminated before the [**REDACTED**], the Sole Sponsor confirms that the [**REDACTED**] Investments are in compliance with the [**REDACTED**] Investment Guidance set out in Chapter 4.2 of the Guide.

Public Float and Free Float

Following the conversion of the Unlisted Shares into H Shares and upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] and the options under the [**REDACTED**] Share Option Scheme are not exercised):

i. Mr. Wenjie REN will be a core connected person and a total of [**REDACTED**] H Shares held by him will not be counted towards the public float, representing [**REDACTED**] of our issued share capital in aggregate;

ii. Ms. Jin HU, Ningbo Hongrui, Ningbo Hongjun, Ningbo Hongche and Ningbo Honglan, each of which is a close associate of Mr. Wenjie REN, will be our core connected persons and a total of [**REDACTED**] H Shares held by them will not be counted towards the public float, representing [**REDACTED**] of our issued share capital in aggregate;

iii. Metropolitan Industrial Investment Fund and Future Industry Investment Fund II will be our core connected persons. Although Future Industry Investment Fund is not our core connected person, given the State-owned Assets Supervision and Administration Commission of the State Council's interest in each of Metropolitan Industrial Investment Fund, Future Industry Investment Fund and Future Industry Investment Fund as disclosed above in this section, the Shares held by Metropolitan Industrial Investment Fund, Future Industry Investment Fund and Future Industry Investment Fund II shall be aggregated for the purpose of calculating the Company's public float. As such, a total of [**REDACTED**] H Shares held by them will not be counted towards the public float, representing [**REDACTED**] of our issued share capital in aggregate;

iv. a total of [**REDACTED**] Unlisted Shares held by our Shareholders (including Mr. Wenjie REN, Ningbo Hongrui, Ningbo Hongjun, Ms. Jin HU, Ningbo Hongche, Ningbo Honglan and Huijia Huijin) will not be converted into H Shares or listed on the Stock Exchange, and therefore will not be counted towards the public float, representing [**REDACTED**] of our issued share capital in aggregate;

v. a total of [**REDACTED**] Unlisted Shares held by our Shareholders who are not our core connected persons (nor are accustomed to take instructions from core connected persons of the Company in relation to the acquisition, disposal, voting or other disposition of their shares, and their acquisition of shares were not financed directly or indirectly by core connected persons of the Company) and excluding the Shares held by Future Industry Investment Fund will be converted into H Shares and listed on the Stock Exchange, and therefore will be counted as part of the public float, representing [**REDACTED**] of our issued share capital in aggregate; and

vi. a total of [**REDACTED**] H Shares issued pursuant to the [**REDACTED**] will be counted as part of the public float, representing [**REDACTED**] of our issued share capital in aggregate.

Based on an [**REDACTED**] of [**REDACTED**], [**REDACTED**] and [**REDACTED**] per H Share, being the low-end, mid-point and high-end of the [**REDACTED**] range respectively, the minimum prescribed public float percentage under Rule 19A.13A(1) of the Listing Rules would be approximately [**REDACTED**], [**REDACTED**] or [**REDACTED**], being the percentage derived by dividing [**REDACTED**] by the total market value of the Company's total issued shares at the time of [**REDACTED**].

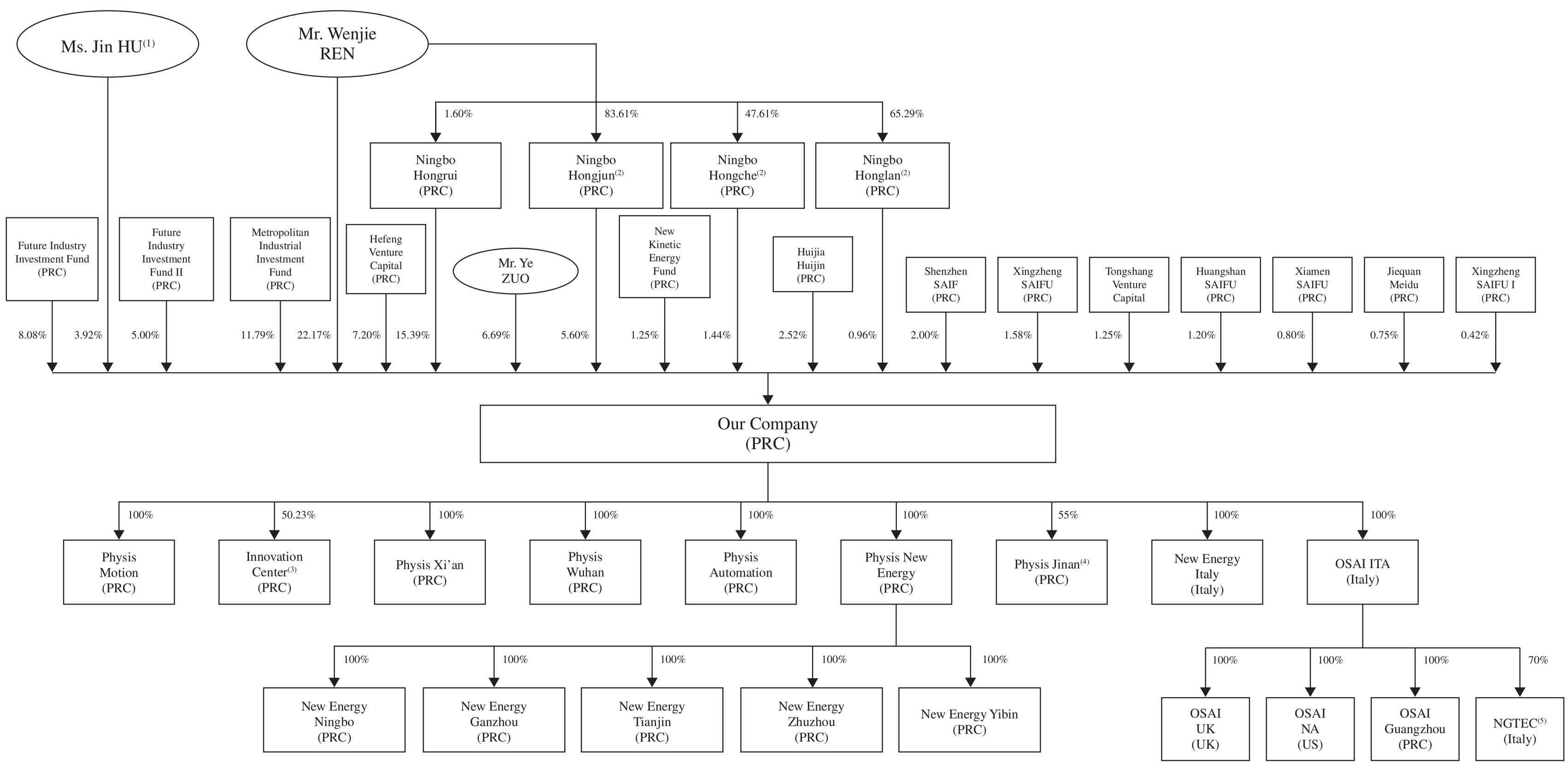
Based on the above, it is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and the options under the [**REDACTED**] Share Option Scheme are not exercised), a total of [**REDACTED**] H Shares, representing [**REDACTED**] of our total share capital upon the completion of the [**REDACTED**] will be counted as part of the public float, which is higher than the minimum prescribed public float percentage under Rule 19A.13A(1) of the Listing Rules.

Based on the low-end of the indicative [**REDACTED**] of [**REDACTED**] per H Share, assuming that the [**REDACTED**] and the options under the [**REDACTED**] Share Option Scheme are not exercised, and without taking into account [**REDACTED**] that may be subscribed by [**REDACTED**] who will be subject to lock-up requirement pursuant to the respective [**REDACTED**], the Company is expected to satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

CORPORATE STRUCTURE

Immediately before Completion of the [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(1) Ms. Jin HU is the spouse of Mr. Wenjie REN.

(2) Each of Ningbo Hongjun, Ningbo Hongche and Ningbo Honglan is a limited partnership established in the PRC and is an employee incentive platform of the Company controlled by Mr. Wenjie REN as its general partner. For more information, please refer to subsection "Employee Incentive Platforms".

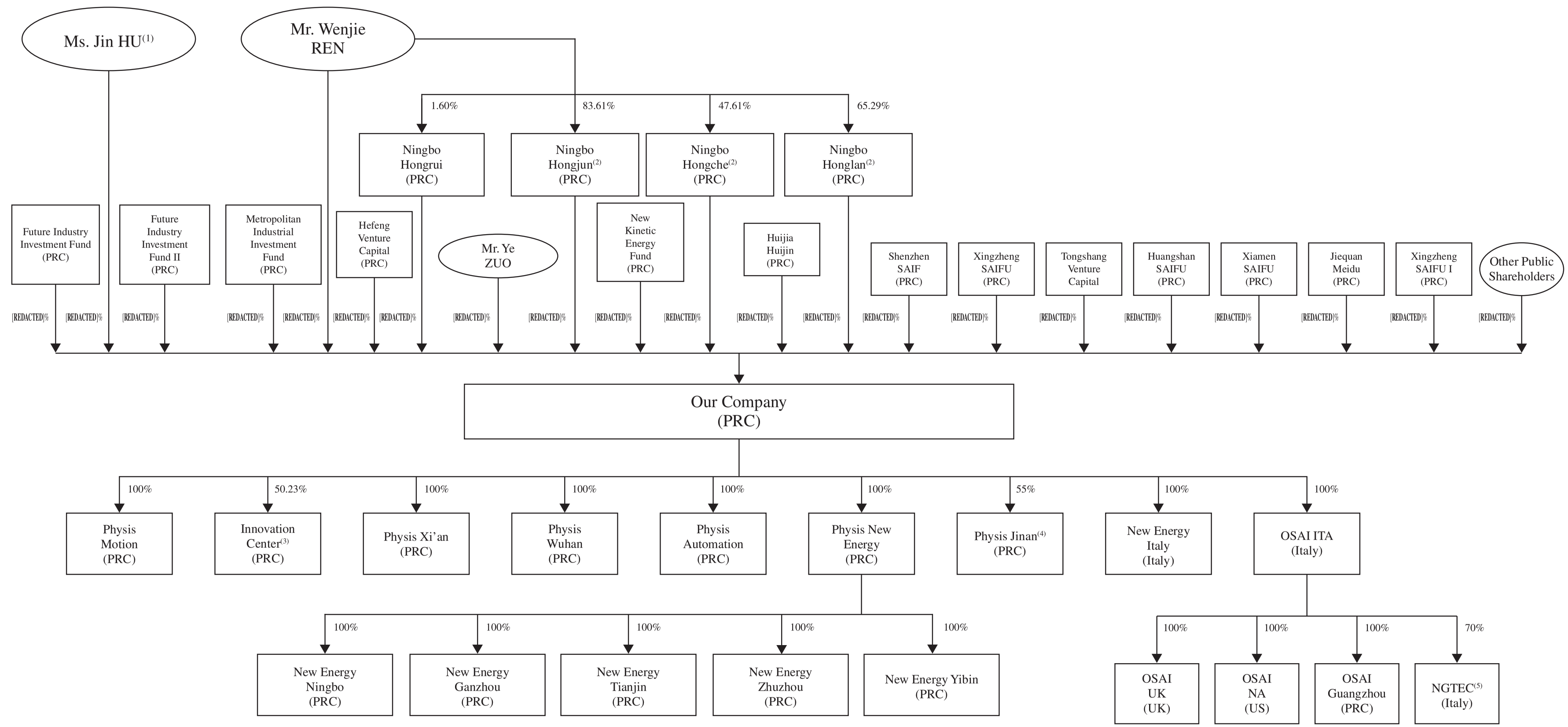
(3) As of the Latest Practicable Date, the Innovation Center was owned as to 50.23% by our Company, 18.10% by Future Industry Investment Fund II, 18.10% by Ningbo Industrial Investment Group Co., Ltd. (寧波工業投資集團有限公司), 9.05% by Ningbo Beilun District Industrial Investment Group Co., Ltd. (寧波市北侖區工業投資集團有限公司), 2.71% by Ningbo Zhaobao Magnet Co., Ltd. (寧波招寶磁業股份有限公司), and 1.81% by Ningbo Zhongxuan Industrial Internet Co., Ltd (寧波中選工業互聯網有限公司). For more information of Future Industry Investment Fund II, please refer to "— [**REDACTED**] Investments — Information on [**REDACTED**] Investors" above. To the best knowledge of our Directors, each of Ningbo Industrial Investment Group Co., Ltd., Ningbo Beilun District Industrial Investment Group Co., Ltd., Ningbo Zhaobao Magnet Co., Ltd. and Ningbo Zhongxuan Industrial Internet Co., Ltd is an Independent Third Party.

(4) As of the Latest Practicable Date, Physis Jinan was owned as to 55% by our Company and 45% by JIER Machine-Tool Group Co., Ltd. (濟南二機床集團有限公司), an Independent Third Party, to the best knowledge of our Directors.

(5) As of the Latest Practicable Date, NGTEC was owned as to 70% by OSAI ITA, 15% by Simone Filippini and 15% by Umberto Ferretti. To the best knowledge of our Directors, each of Simone Filippini and Umberto Ferrettiis an Independent Third Party.

Immediately after Completion of the [REDACTED]

The chart below sets out the shareholding structure of our Company immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] and the options under the [**REDACTED**] Share Option Scheme are not exercised):



Note:

Please refer to the notes in the previous page.