

## FINANCIAL INFORMATION

*You should read the following discussion and analysis together with our consolidated financial statements included in the Accountants' Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements were prepared in accordance with HKFRS Accounting Standards.*

*The following discussion and analysis contain forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties. Our actual performance and results may differ materially from our expectations and predictions as a result of certain factors, including those set out in the sections entitled "Forward-Looking Statements," "Risk Factors," and elsewhere in this document. In addition, certain industry issues also affect our financial condition and results of operations, as described in "Industry Overview."*

### OVERVIEW

We are an established smart intralogistics and automation solution provider in China. Our offerings include smart intralogistics solutions, after-sales services, and sales of intralogistics equipment and others. Our smart intralogistics solutions, which are offered on a project-by-project basis, accounted for over 95% of our revenue during the Track Record Period. In terms of revenue in 2025, we ranked,

- 4th in the smart intralogistics solutions industry in China with a 1.6% market share;
- 2nd in the smart intralogistics solutions for industrial sectors in China with a 3.2% market share, and
- 1st in the smart intralogistics solutions for new energy lithium-ion battery sector in China with a 25.6% market share.

The industrial sector accounted for nearly 50% of the total smart intralogistics solution market in China in 2025, while the new energy lithium-ion battery sector accounted for approximately 6%.

Our after-sales services primarily include retrofit projects, replacement of spare parts, and maintenance and repair services. Our sales of intralogistics equipment primarily comprise the sales of stacker cranes.

Building on our years of experience and strong production and service capabilities, we have developed industry-specific smart intralogistics solutions that integrate intralogistics sub-systems and address the specific needs of industry verticals. The primary industry verticals of our customers include:

- New Energy:** This industry contributes the largest portion of our revenue and primarily involves solutions for the storage and intralogistics management of lithium-ion batteries. These batteries require secure and highly precise handling due to their sensitivity to environmental conditions and potential safety hazards, such as fire, if mishandled.
- Automotive Parts:** This sector mainly encompasses solutions for tires and other automotive components, including vehicle bodies.
- Healthcare:** This sector includes solutions for medical equipment, raw pharmaceutical materials, finished pharmaceutical products, and pharmaceutical distribution centers; and

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- (iv) **Food:** This sector primarily involves solutions for cold-chain storage management, requiring intralogistics solutions that operate efficiently in freezing environments.

Additionally, we have experience serving a wide variety of other industry verticals, such as chemicals, electronics, new materials, textile and equipment manufacturing.

In 2023, 2024 and 2025, our revenue amounted to RMB1,694.7 million, RMB1,797.8 million and RMB1,881.7 million, respectively, and our profit for these periods amounted to RMB78.2 million, RMB88.6 million and RMB97.4 million, respectively. Our smart intralogistics solutions for customers in the new energy industry, in particular, contributed over 75% of our revenue from smart intralogistics solutions during the Track Record Period.

### RECENT DEVELOPMENTS

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial, operational and trading positions or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report included in Appendix I to this document, and there has been no events since December 31, 2025 that would materially affect the information shown in the Accountants’ Report included in Appendix I to this document.

### BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our historical financial information has been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value. We have early adopted all HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, in the preparation of the historical financial information. Our historical financial information has been presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated. See note 2.1 of the Accountants’ Report in Appendix I to this document.

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe the following are some of the key factors that have affected and will continue to affect our business, results of operations, and financial condition:

#### **General Economic Conditions and Market Demand for Intralogistics Services, Particularly from the New Energy Industry**

Our business expansion and revenue growth have relied, and will continue to rely, on the general economic conditions in China and the market demand for smart intralogistics solutions, related after-sales services, and intralogistics equipment. During the Track Record Period, we derived a substantial portion of our revenue from the sales of smart intralogistics solutions to customers in the new energy industry, particularly lithium-ion battery manufacturers. Our revenue from new energy solutions amounted to RMB1,257.7 million, RMB1,306.1 million and RMB1,676.6 million in 2023, 2024 and 2025, respectively, representing 78.5%, 75.5% and 93.8% of our total revenue from smart intralogistics solutions for the same years, respectively.

The demand for our solutions, after-sales services, and intralogistics equipment, especially those related to the new energy industry, is primarily driven by the overall demand for end applications of lithium-ion batteries. Our customers in the new energy industry include leading lithium-ion battery manufacturers such as CATL and REPT Battero. According to CIC, the market size of China’s smart intralogistics solution for new energy industry grew from RMB5.1 billion in

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2021 to RMB7.7 billion in 2025, representing a CAGR of 11.1%. Looking ahead, this market is expected to continue its robust expansion, fueled by supportive government policies, technological innovation, and rising demand. It is projected to reach RMB14.7 billion by 2030, with a CAGR of 13.8% from 2025 to 2030.

We believe we are well-positioned to capitalize on the growth opportunities presented by these industry trends, supported by our established collaborations with leading manufacturers and our experience in the industry.

### **Our Ability to Compete Effectively**

The intralogistics industry in which we operate is highly competitive, and the success of our business relies heavily on our ability to compete effectively against both established market players and new entrants. With over 16 years of operating history, we have accumulated significant experience and expertise in providing smart intralogistics solutions. This has enabled us to establish a strong market presence, solid brand reputation, and robust research and development capabilities. Furthermore, we have built a customer base that includes well-known companies recognized as leaders in their respective industries.

The intralogistics industry remains in a growth phase, which presents favorable opportunities for our future development, as a growing market translates into additional business prospects. However, increased competition could materially affect our pricing abilities. In the past, we have strategically lowered our gross profit margins to secure solutions projects that we deemed to have strategic significance for our long-term growth and market positioning. For further details, see "Risk Factors — Risks Related to Our Business and Industry — The smart logistics solution industry is competitive. Our failure to successfully compete could materially and adversely affect our market position and market share."

Looking ahead, we intend to leverage our extensive know-how, technological advantages, and market resources to further enhance and diversify our service offerings. By strengthening our relationships with existing customers and pursuing expansion opportunities in new industry verticals and geographic markets, we aim to maintain our competitive edge and drive sustainable growth.

### **Maintaining Strong Relationships with Our Major Customers and Growing Our Customer Base**

Our ability to attract and retain customers is essential to our revenue growth, ability to obtain a steady stream of new projects, and long-term success. Over the years, we have built a loyal customer base that includes leading players in the new energy and automotive parts industries. By closely aligning with the evolving needs of these customers and providing highly customized smart intralogistics solutions tailored to their individual needs, we have cultivated long-standing partnerships with our key customers, driving significant business growth through repeat purchases and provision of after-sales services to our existing customers, which help us to further enhance customer stickiness.

Beyond the new energy industry, we leverage our expertise and experience in providing smart intralogistics solutions to serve customers across a diverse range of industries. These include large healthcare companies such as Sinopharm and Yuwell. This breadth of capabilities forms a solid foundation for us to further diversify our customer base and expand into new industry verticals. Our long-standing collaboration with major customers reinforce our reputation as a trusted provider in the market, while our reliability and innovation continue to attract new customers in both our existing verticals and emerging ones.

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Going forward, customers in the new energy industry will remain an important source of business and revenue for us. To sustain our long-term growth, we actively pursue opportunities to diversify our customer portfolio and strengthen our presence in other industry verticals, such as food cold chain and healthcare, and develop business in growing industry verticals such as shipbuilding, semiconductors, retail, smart manufacturing, and petrochemicals.

However, our ability to maintain and expand our customer base is subject to various external factors beyond our control, such as changes in the general economic conditions, competition, and shifts in our customers’ business operations and strategies. For additional details, see “Risk Factors — Risks Related to Our Business and Industry.”

### **Technological Innovation and Development of New, Upgraded and Diversified Offerings**

The smart intralogistics industry is undergoing rapid transformation, driven by continuous technological advancements. To maintain our competitive edge and address increasingly complex customer demands, we have consistently invested in the development of innovative new solutions and enhancements to our existing technologies and products. Over the years, we have built a robust portfolio of intralogistics equipment and software, which we integrate with procured components and our customer’s existing interface to deliver tailored, high-quality solutions that address our customers’ unique needs.

Our self-developed stacker crane series, for instance, demonstrates the breadth and versatility of our product portfolio, ranging from the MINIload SRM, with a maximum lifting capacity of 100kg, which is particularly suited for pharmaceutical solutions where loads are relatively lightweight, to the HD12000 SRM, with a maximum lifting capacity of 12,000kg, suited for the needs of customers with heavy-duty lifting requirements, such as steel companies. In addition, we offer a comprehensive product line of smart intralogistics software, including warehouse management systems (WMS), flexible manufacturing systems (FMS) for new energy lithium-ion batteries, warehouse control systems (WCS) and other key software, all of which are researched and developed in-house. By combining our comprehensive product range with high-quality components (including robots and other equipment) sourced from trusted third-party manufacturers, we are able to efficiently integrate diverse hardware and software, introducing new features and refining functionalities in our solutions to adapt to a wide variety of customer requirements.

Technological leadership requires sustained investment in research and development, which is critical for maintaining our market position in the long run. Looking forward, we plan to increase our research and development budget to upgrade and expand our intralogistics equipment and software, and performing capacity upgrades and technical retrofits to our production facilities. By strategically investing in research and development initiatives, we aim to deliver solutions that provide better long-term value for customers, improving customer satisfaction and retention.

### **Cost Management and Operational Efficiency**

Effective cost management and scaling operational efficiencies are fundamental to our long-term success and profitability. Our ability to control costs and manage operational expenses directly impacts our results of operations and competitiveness. During the Track Record Period, our profit for the year amounted to RMB78.2 million, RMB88.6 million and RMB97.4 million in 2023, 2024 and 2025, respectively, accounting for 4.6%, 4.9% and 5.2% of our revenue for the same years, respectively. We employ a mix of in-house production and procurement of certain components from third-party suppliers to achieve higher production output and efficiency while lowering costs. By maintaining strict oversight over our cost of sales and operational expenses, we ensure that we deliver high-quality solutions and products while protecting our profit margins.

To achieve greater operational efficiency and cost savings, we continuously seek to optimize our business processes, reduce waste, and streamline our operations. We have invested in technologies and equipment to enhance our operational efficiency and reduce labor costs. For

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instance, we utilized newer equipment, adopted more refined production techniques, and implemented standardized product specifications. We have also implemented measures to control our costs of sales and operating expenses, such as implementing centralized procurement for outsourced manufacturing and optimizing labor force. By optimizing production and maintaining strict management over our operating expenses, we aim to improve overall profitability even as we grow our market reach and product offerings.

### MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions, and judgments based on past experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Material accounting policies, estimates, assumptions, and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in the notes in the Accountants’ Report in Appendix I to this document.

### PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Revenue</b> . . . . .	<b>1,694,654</b>	<b>1,797,805</b>	<b>1,881,681</b>
Cost of sales . . . . .	(1,456,819)	(1,561,941)	(1,597,504)
<b>Gross profit</b> . . . . .	<b>237,835</b>	<b>235,864</b>	<b>284,177</b>
Other income and gains . . . . .	19,096	15,243	12,467
Selling and distribution expenses . . . . .	(27,322)	(27,089)	(33,815)
Administrative expenses . . . . .	(52,235)	(52,730)	(57,325)
Research and development expenses . . . . .	(71,300)	(65,840)	(74,960)
Impairment losses on financial and contract assets, net . . . . .	(11,895)	7,889	(5,780)
Other expenses . . . . .	(8,438)	(15,571)	(11,198)
Finance costs . . . . .	(4,375)	(2,664)	(2,059)
Share of losses of an associate . . . . .	–	–	(134)
<b>Profit before tax</b> . . . . .	<b>81,366</b>	<b>95,102</b>	<b>111,373</b>
Income tax expenses . . . . .	(3,184)	(6,476)	(13,999)
<b>Profit for the year</b> . . . . .	<b>78,182</b>	<b>88,626</b>	<b>97,374</b>

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### Revenue

#### *By Segment*

Our revenue during the Track Record Period represents revenue from our three business segments: (i) smart intralogistics solutions, where we provide integrated solutions to our customers on a project-by-project basis. Revenue from each project is recognized after the installation and commissioning of the solution are completed and the customer accepts the solution; (ii) after-sales services, which primarily include maintenance and upgrade services provided to customers who have purchased our smart intralogistics solutions; and (iii) sales of intralogistics equipment which primarily comprised sales of stacker cranes and conveyors, and to a much lesser extent, sales of others which are scrap materials from our production activities.

The vast majority of our revenue is derived from smart intralogistics solutions, our core offering. Our revenue from smart intralogistics solutions has shown consistent growth from 2023 to 2025, primarily due to: (i) an increase in demand for smart intralogistics solutions for lithium-ion battery companies in China, mainly attributable to the growth of the new energy vehicle market; and (ii) an increase in market demand for smart intralogistics systems driven by favorable policies issued by the PRC government that incentivize the intelligent upgrading of warehouse management and intralogistics systems for manufacturing enterprises.

The following table sets forth a breakdown of our revenue by business segment:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
Smart intralogistics solutions . . .	1,602,744	94.6%	1,727,754	96.1%	1,786,679	95.0%
After-sales services . . . . .	47,515	2.8%	49,775	2.8%	82,126	4.4%
Sales of intralogistics equipment and others . . . . .	44,395	2.6%	20,276	1.1%	12,876	0.6%
<b>Total . . . . .</b>	<b><u>1,694,654</u></b>	<b><u>100.0%</u></b>	<b><u>1,797,805</u></b>	<b><u>100.0%</u></b>	<b><u>1,881,681</u></b>	<b><u>100.0%</u></b>

#### *Geographical Market*

Geographical markets are identified by the country or region where the products or services were delivered. The following table sets forth a breakdown of our revenue by geographical market:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
China . . . . .	1,656,242	97.7%	1,697,045	94.4%	1,774,255	94.3%
Overseas <sup>(1)</sup> . . . . .	38,412	2.3%	100,760	5.6%	107,426	5.7%
<b>Total . . . . .</b>	<b><u>1,694,654</u></b>	<b><u>100.0%</u></b>	<b><u>1,797,805</u></b>	<b><u>100.0%</u></b>	<b><u>1,881,681</u></b>	<b><u>100.0%</u></b>

(1) Primarily include products delivered to customers in Thailand, Germany and Pakistan.

Our revenue from overseas market amounted to RMB38.4 million in 2023 and RMB100.8 million in 2024 because we completed and delivered a smart intralogistics solution for a textile company in Pakistan in 2023 and for a tire company in Thailand in 2024. Our revenue from overseas markets remained relatively stable at RMB107.4 million in 2025.

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### *By Customer Industry*

The following table sets forth a breakdown of our revenue from smart intralogistics solutions by customer industry:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
New energy . . . . .	1,257,676	78.5%	1,306,084	75.5%	1,676,602	93.8%
Automotive parts . . . . .	53,447	3.3%	169,049	9.8%	922	0.1%
Healthcare . . . . .	53,799	3.4%	66,561	3.9%	12,965	0.7%
Food . . . . .	78,962	4.9%	63,225	3.7%	12,720	0.7%
Others <sup>(1)</sup> . . . . .	158,860	9.9%	122,835	7.1%	83,470	4.7%
<b>Total</b> . . . . .	<b>1,602,744</b>	<b>100.0%</b>	<b>1,727,754</b>	<b>100.0%</b>	<b>1,786,679</b>	<b>100.0%</b>

(1) Primarily include chemicals, electronics, new materials, textiles and equipment manufacturing

During the Track Record Period, the vast majority of our revenue from smart intralogistics solutions was contributed by customers from the new energy industry, primarily lithium-ion battery manufacturers in China, aligning with the continued growth of the PRC electric vehicle market in recent years.

### **Cost of Sales**

#### *By Nature*

Our cost of sales primarily comprises: (i) cost of direct materials, mainly consisting of the costs of procured equipment, such as racks, shuttles and robots which are integrated in our solution offering, components such as stacker crane travel wheels, stacker crane shafts, sheet metal parts and sprockets which are used in the assembly of our intralogistics equipment, and raw materials used in the production of our intralogistics equipment, principally steel; (ii) overheads, such as travel expenses, utilities, indirect materials, lease expenses and depreciation; and (iii) labor costs, representing the remuneration and benefits paid to our production staff and project technicians.

The following table sets forth a breakdown of our cost of sales by nature:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
Direct materials . . . . .	1,250,981	85.9%	1,347,600	86.3%	1,355,338	84.8%
Labor costs . . . . .	75,907	5.2%	85,557	5.5%	124,033	7.8%
Overheads . . . . .	113,373	7.8%	111,194	7.1%	100,069	6.3%
Warranties . . . . .	16,558	1.1%	17,590	1.1%	18,064	1.1%
<b>Total</b> . . . . .	<b>1,456,819</b>	<b>100.0%</b>	<b>1,561,941</b>	<b>100.0%</b>	<b>1,597,504</b>	<b>100.0%</b>

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### *By Segment*

The following table sets forth a breakdown of our cost of sales by business segment:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
Smart intralogistics solutions . . .	1,398,376	96.0%	1,517,827	97.2%	1,528,610	95.7%
After-sales services . . . . .	19,014	1.3%	27,920	1.8%	58,624	3.7%
Sales of intralogistics equipment and others . . . . .	39,429	2.7%	16,194	1.0%	10,270	0.6%
<b>Total . . . . .</b>	<b>1,456,819</b>	<b>100.0%</b>	<b>1,561,941</b>	<b>100.0%</b>	<b>1,597,504</b>	<b>100.0%</b>

### *By Customer Industry*

The following table sets forth a breakdown of the cost of sales of our smart intralogistics solutions by customer industry:

	Year ended December 31,					
	2023	2024		2025		
	<i>(RMB in thousands except for percentages)</i>					
<b>Smart intralogistics solutions</b>						
New energy . . . . .	1,106,805	79.1%	1,094,969	72.2%	1,413,740	92.5%
Automotive parts . . . . .	39,962	2.9%	177,983	11.7%	621	0.0%
Healthcare . . . . .	49,890	3.6%	62,658	4.1%	12,413	0.8%
Food . . . . .	70,602	5.0%	59,942	3.9%	13,826	0.9%
Others <sup>(1)</sup> . . . . .	131,117	9.4%	122,275	8.1%	88,010	5.8%
<b>Total . . . . .</b>	<b>1,398,376</b>	<b>100.0%</b>	<b>1,517,827</b>	<b>100.0%</b>	<b>1,528,610</b>	<b>100.0%</b>

(1) Primarily include chemicals, new materials, electronics, textiles and equipment manufacturing

### **Gross Profit and Gross Profit Margin**

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>(RMB in thousands except for percentages)</i>					
Smart intralogistics solutions . . . . .	204,368	12.8%	209,927	12.2%	258,069	14.4%
After-sales services . . . . .	28,501	60.0%	21,855	43.9%	23,502	28.6%
Sales of intralogistics equipment and others . . .	4,966	11.2%	4,082	20.1%	2,606	20.2%
<b>Total . . . . .</b>	<b>237,835</b>	<b>14.0%</b>	<b>235,864</b>	<b>13.1%</b>	<b>284,177</b>	<b>15.1%</b>

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### *By Customer Industry*

The following table sets forth a breakdown of the gross profit and gross profit margin of our smart intralogistics solutions by customer industry:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>(RMB in thousands except for percentages)</i>					
<b>Smart intralogistics solutions</b>						
New energy . . . . .	150,871	12.0%	211,115	16.2%	262,862	15.7%
Automotive parts . . . . .	13,485	25.2%	(8,934)	(5.3)%	301	32.6%
Healthcare . . . . .	3,909	7.3%	3,903	5.9%	552	4.3%
Food . . . . .	8,360	10.6%	3,283	5.2%	(1,106)	(8.7)%
Others <sup>(1)</sup> . . . . .	27,743	17.5%	560	0.5%	(4,540)	(5.4)%
<b>Total</b> . . . . .	<b><u>204,368</u></b>	<b><u>12.8%</u></b>	<b><u>209,927</u></b>	<b><u>12.2%</u></b>	<b><u>258,069</u></b>	<b><u>14.4%</u></b>

(1) Primarily include chemicals, new materials, electronics, textiles and equipment manufacturing

Our overall gross profit for smart intralogistics solutions increased from RMB204.4 million in 2023 to RMB209.9 million in 2024, while the overall gross profit margin decreased slightly from 12.8% to 12.2% due to a mix of contributing factors across our different industry solutions. Although the gross profit of our new energy solutions grew significantly from RMB150.9 million in 2023 to RMB211.1 million in 2024, with the segmental margin improving from 12.0% to 16.2%, this positive impact was offset by margin contractions across our other industry sectors, namely automotive parts, healthcare, food, and others. The aggregate gross profit of these remaining sectors experienced a decline, shifting from a gross profit of RMB53.5 million in 2023 to a gross loss of RMB1.2 million in 2024. This decrease was primarily driven by intensifying market competition and the financial impact of certain contracts that incurred gross losses in the automotive parts and food sectors. In particular, we had a negative gross profit margin for automotive parts solutions in 2024 due to two loss-making contracts.

In 2025, our overall gross profit for smart intralogistics solutions increased to RMB258.1 million, representing an overall margin of 14.4%. This growth was mainly driven by (i) enhanced performance in our new energy projects, which contributed substantially all our total gross profit, and (ii) a substantial rebound in our automotive parts solutions as we secured a small number of high-margin contracts for developing smart intralogistics software systems. The gross profit margin of the automotive parts segment recovered from negative 5.3% in 2024 to 32.6% in 2025, converting a gross loss of RMB8.9 million into a gross profit of RMB0.3 million. Meanwhile, the food segment and other segments recorded gross losses of RMB1.1 million and RMB4.5 million, respectively, with negative gross profit margins of 8.7% and 5.4%. These results were primarily due to intense market competition within these sectors, leading us to proactively reduce project pricing in order to preserve market share.

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### Other Income and Gains

Our other income and gains primarily include: (i) government grants, mainly comprising awards and subsidies for our business development and research and development activities; (ii) bank interest income from our bank deposits; and (iii) investment income from financial assets at fair value through profit or loss, mainly comprising our investment income from low-risk wealth management products issued by commercial banks.

The following table sets forth a breakdown of our other income and gains:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Other income</b>			
Bank interest income . . . . .	1,794	1,600	1,175
Investment income from financial assets at fair value through profit or loss . . . . .	2,617	2,647	2,570
Government grants . . . . .	13,741	8,298	6,340
Others . . . . .	922	684	460
<b>Total other income . . . . .</b>	<b><u>19,074</u></b>	<b><u>13,229</u></b>	<b><u>10,545</u></b>
<b>Gains</b>			
Fair value gains on financial assets at fair value through profit or loss . . . . .	22	2,014	1,907
Foreign exchange gain . . . . .	–	–	–
Others . . . . .	–	–	15
<b>Total gains . . . . .</b>	<b><u>22</u></b>	<b><u>2,014</u></b>	<b><u>1,922</u></b>
<b>Total . . . . .</b>	<b><u>19,096</u></b>	<b><u>15,243</u></b>	<b><u>12,467</u></b>

### Selling and Distribution Expenses

Our selling and distribution expenses primarily include: (i) employee compensation, mainly comprising salaries and other benefits paid to our sales personnel; (ii) business development expenses; and (iii) publicity expenses, mainly comprising advertising expenses and expenses incurred promoting our offerings at industry expos. The following table sets forth a breakdown of our selling and distribution expenses:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands except for percentages)</i>					
Employee compensation . . . . .	17,298	63.3%	18,193	67.2%	24,189	71.5%
Business development expenses . . . . .	4,815	17.6%	5,289	19.5%	6,723	19.9%
Publicity expenses . . . . .	3,556	13.0%	2,072	7.6%	1,950	5.8%
Others <sup>(1)</sup> . . . . .	1,653	6.1%	1,535	5.7%	953	2.8%
<b>Total . . . . .</b>	<b><u>27,322</u></b>	<b><u>100.0%</u></b>	<b><u>27,089</u></b>	<b><u>100.0%</u></b>	<b><u>33,815</u></b>	<b><u>100.0%</u></b>

(1) Primarily include lease property expenses, office expenses, depreciation and amortization, and others

## FINANCIAL INFORMATION

### Administrative Expenses

Our administrative expenses primarily include: (i) employee compensation, mainly comprising salaries and other benefits paid to our administrative personnel; (ii) professional service fees, mainly comprising consulting, legal and accountants fees and fees paid to other professionals; and (iii) office expenses, and depreciation and amortization related to administrative assets.

The following table sets forth a breakdown of our administrative expenses:

	Year ended December 31,					
	2023			2024		
	<i>(RMB in thousands except for percentages)</i>					
Employee compensation . . . . .	31,726	60.8%	27,867	52.9%	31,055	54.2%
Business development expenses . .	3,378	6.5%	3,429	6.5%	3,653	6.4%
Professional service fees . . . . .	2,519	4.8%	6,023	11.4%	7,039	12.3%
Depreciation and amortization . . .	4,543	8.7%	4,473	8.5%	5,092	8.9%
Lease property expenses . . . . .	1,224	2.3%	1,709	3.2%	874	1.5%
Office expenses . . . . .	4,275	8.2%	4,201	8.0%	4,627	8.1%
Others <sup>(1)</sup> . . . . .	4,570	8.7%	5,028	9.5%	4,985	8.6%
<b>Total</b> . . . . .	<b>52,235</b>	<b>100.0%</b>	<b>52,730</b>	<b>100.0%</b>	<b>57,325</b>	<b>100.0%</b>

(1) Primarily include utilities and other miscellaneous items allocated for administrative purposes

### Research and Development Expenses

Our research and development expenses primarily include: (i) employee compensation, mainly comprising salaries and other benefits paid to our research and development personnel; (ii) raw material expenses, mainly comprising costs of raw materials used in our research and development projects; and (iii) contracted research and development expenses, mainly comprising fees paid to third-party researchers and developers we engage to enhance our technologies and offerings.

The following table sets forth a breakdown of our research and development expenses:

	Year ended December 31,					
	2023			2024		
	<i>(RMB in thousands except for percentages)</i>					
Employee compensation . . . . .	47,868	67.1%	46,570	70.8%	50,304	67.1%
Raw material expenses . . . . .	15,567	21.8%	12,199	18.5%	16,841	22.5%
Contracted research and development expenses . . . . .	2,649	3.7%	214	0.3%	532	0.7%
Depreciation and amortization . . .	1,608	2.3%	3,288	5.0%	3,665	4.9%
Others <sup>(1)</sup> . . . . .	3,608	5.1%	3,569	5.4%	3,618	4.8%
<b>Total</b> . . . . .	<b>71,300</b>	<b>100.0%</b>	<b>65,840</b>	<b>100.0%</b>	<b>74,960</b>	<b>100.0%</b>

(1) Primarily include software licensing, intellectual property application and testing fees

## FINANCIAL INFORMATION

### Impairment Losses on Financial and Contract Assets

Our net impairment losses on financial and contract assets primarily comprise bad debts and impairment losses of our trade receivables, contract assets, and other receivables. We recorded impairment losses on financial and contract assets of RMB11.9 million in 2023 and gains on financial and contract assets of RMB7.9 million in 2024. Furthermore, our net impairment losses on financial and contract assets changed from a gain of RMB7.9 million in 2024, to a loss of RMB5.8 million in 2025.

### Other Expenses

Our other expenses primarily comprised: (i) gains/losses on asset disposal in relation to the liquidation of our subsidiary Suyue Intelligent Equipment (Wuxi) Co., Ltd. (速躍智能裝備(無錫)有限公司); (ii) compensation paid; and (iii) foreign exchange losses. Our other expenses were RMB8.4 million, RMB15.6 million and RMB11.2 million in 2023, 2024 and 2025, respectively.

### Finance Costs

Our finance costs primarily comprise: (i) interest on bank and other borrowings; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Interest on bank and other borrowings . . .	4,284	2,533	1,945
Interest on lease liabilities . . . . .	91	131	114
<b>Total . . . . .</b>	<b><u>4,375</u></b>	<b><u>2,664</u></b>	<b><u>2,059</u></b>

### Income Tax Expenses

Our income tax expenses comprise current tax on profits for the year and deferred tax. We are subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of our Group are domiciled and operate. The following table sets forth a breakdown of our income tax expenses for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Current — PRC</b>			
Charge for the year . . . . .	4,961	9,327	17,751
Deferred tax . . . . .	<u>(1,777)</u>	<u>(2,851)</u>	<u>(3,752)</u>
<b>Total . . . . .</b>	<b><u>3,184</u></b>	<b><u>6,476</u></b>	<b><u>13,999</u></b>

Pursuant to the Law of the PRC on Enterprise Income Tax and the respective regulations, our Company was recognized as a High and New Technology Enterprise during the Track Record Period and entitled to a preferential tax rate of 15% in 2023, 2024 and 2025. Our subsidiaries in China, Wuxi Zhongnuo and Wuxi Liding, were qualified as small and micro enterprises and received the applicable preferential tax treatment in 2023 and 2024, and Wuxi Zhongnuo continued to enjoy such treatment in 2025.

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## FINANCIAL INFORMATION

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Our subsidiary incorporated in Singapore is subject to Singapore tax at the rate of 17%. Our subsidiary incorporated in Hungary is subject to Hungary tax at the rate of 9%. Our subsidiary incorporated in Malaysia is subject to Malaysia tax at the rate of 24%. We had no assessable profits derived from or earned in Singapore and Hungary during the Track Record Period.

### COMPARISON OF RESULTS OF OPERATIONS

#### 2025 Compared with 2024

##### *Revenue*

Our revenue from smart intralogistics solutions increased slightly from RMB1,727.8 million in 2024 to RMB1,786.7 million in 2025. This increase was primarily attributable to the continued growth in the new energy vehicle industry, leading to increased demand from our major customers for facility upgrades and expansions.

Our revenue from after-sales services increased by 64.9% from RMB49.8 million in 2024 to RMB82.1 million in 2025. This increase was primarily attributable to (i) increased post-installation demand as new energy solution projects commissioned in prior periods entered operational phases, and (ii) increased orders for technical retrofits, as major new energy customers elected to upgrade their facilities to improve production efficiency.

Our revenue from sales of intralogistics equipment and others decreased by 36.5% from RMB20.3 million in 2024 to RMB12.9 million in 2025. In 2025, sales of intralogistics equipment and others made limited contribution to our revenue, primarily due to reduced sales of stacker cranes and conveyors.

##### *Cost of Sales*

Our cost of sales increased slightly from RMB1,561.9 million in 2024 to RMB1,597.5 million in 2025 in line with our revenue growth during this period.

##### *Gross Profit and Gross Profit Margin*

Our gross profit from smart intralogistics solutions increased by 23.0%, from RMB209.9 million in 2024 to RMB258.1 million in 2025. Our gross profit margin for smart intralogistics solutions increased from 12.2% in 2024 to 14.4% in 2025. This was primarily attributable to the improved profitability of our new energy projects, which accounted for substantially all of the segment's gross profit in 2025, as we continued to secure high-margin contracts from customers within the new energy industry. Additionally, the gross profit margin of the automotive parts segment recovered from negative 5.3% in 2024 to 32.6% in 2025 solutions as we secured small number of high-margin contracts for developing smart intralogistics software systems, converting a gross loss of RMB8.9 million into a gross profit of RMB0.3 million. Meanwhile, the food segment and other segments recorded gross losses of RMB1.1 million and RMB4.5 million, respectively, with negative gross profit margins of 8.7% and 5.4%. These results were primarily due to intense market competition within these sectors, leading us to proactively reduce project pricing in order to preserve market share. More broadly, our gross profit margins improved because we (i) increased volumes of in-house produced equipment and (ii) proactively managed our external procurement costs. In particular, the average unit production cost of in-house produced stacker cranes in projects accepted in 2025 has seen a reduction of 6.0% compared with 2024. The reduction was mainly attributable to the introduction of high-precision automated equipment, implementation of lean production management, and product design optimisation which enhanced production efficiency and reduced material and labour costs. At the same time, the procurement cost of outsourced subsystems as a percentage of their corresponding quoted sales price decreased from 84.5% to 78.0% during the same period, representing a reduction of 6.5%. The decrease in costs of externally procured components relative to customer quotations was primarily due to strengthened supplier

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## FINANCIAL INFORMATION

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management and competitive procurement practices, including internal cost modelling and target pricing. These relative cost improvements in both in-house production and external procurement supported the increase in our gross profit margin in 2025.

Our gross profit from after-sales services increased by 7.3% from RMB21.9 million in 2024 to RMB23.5 million in 2025. However, our gross profit margin for after-sales services decreased from 43.9% in 2024 to 28.6% in 2025. The decline in gross profit margin was primarily due to our efforts to expand the after-sales customer base by strategically lowering service fees, which, while supporting gross profit growth, resulted in dilution of margins.

Our gross profit from sales of intralogistics equipment and others decreased by 36.6%, from RMB4.1 million in 2024 to RMB2.6 million in 2025. Gross profit margin for this segment increased from 20.1% in 2024 to 20.2% in 2025. The decrease in gross profit was because in 2025, our sales of intralogistics equipment were reduced.

### *Other Income and Gains*

Our other income and gains decreased by 17.8% from RMB15.2 million in 2024 to RMB12.5 million in 2025, primarily due to a decrease in government grants because of timing difference of grant approvals and disbursements by the relevant authorities during this period.

### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by 24.7% from RMB27.1 million in 2024 to RMB33.8 million in 2025, primarily due to (i) a RMB6.0 million increase in employee compensation primarily due to higher incentives and bonuses and hiring of additional sales personnel, and (ii) a RMB1.4 million increase in business development expenses, as we sought to attract more business opportunities.

### *Administrative Expenses*

Our administrative expenses remained stable at RMB57.3 million in 2025 compared with RMB52.7 million the year prior.

### *Research and Development Expenses*

Our research and development expenses increased by 14.0% from RMB65.8 million in 2024 to RMB75.0 million in 2025, primarily due to (i) a RMB4.6 million increase in raw material expenses, resulting from greater consumption of direct materials associated with new research and development initiatives for AS/RS equipment and conveyor systems; and (ii) increased share-based payments amounted to RMB3.7 million.

### *Impairment Losses on Financial and Contract Assets, net*

We recorded net impairment gains on financial and contract assets of RMB7.9 million in 2024 and losses on financial and contract assets of RMB5.8 million in 2025. The change was primarily due to increased provisions for impairment of trade receivables and other receivables, driven by the growth in their respective balances, which was partially offset by a reversal of impairment provision for contract assets.

### *Other Expenses*

Our other expenses decreased from RMB15.6 million in 2024 to RMB11.2 million in 2025, primarily due to the absence of a RMB3.6 million loss recorded in 2024 in connection with the cancellation of a construction contract of Wuxi Senheda and the disposal of related ground facilities.

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## FINANCIAL INFORMATION

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### *Finance Costs*

Our finance costs decreased from RMB2.7 million in 2024 to RMB2.1 million in 2025, primarily due to a decrease in our outstanding balances of bank borrowings.

### *Income Tax Expenses*

Our income tax expenses increased from RMB6.5 million in 2024 to RMB14.0 million in 2025, primarily due to an increase in our taxable income.

### *Profit for the Year and Net Profit Margin*

As a result of the foregoing, our profit for the year increased by 9.9% from RMB88.6 million in 2024 to RMB97.4 million in 2025, while our net profit margin increased from 4.9% in 2024 to 5.2% in 2025.

## **2024 Compared to 2023**

### *Revenue*

Our revenue from smart intralogistics solutions increased by 7.8% from RMB1,602.7 million in 2023 to RMB1,727.8 million in 2024, primarily due to higher revenue contribution from new energy, automotive parts and chemical industries:

- our revenue from new energy solutions increased from RMB1,257.7 million in 2023 to RMB1,306.1 million in 2024 as we continued to solidify long-term relationship with major new energy customers. Average revenue per new energy solution increased from 66.2 million in 2023 to 76.8 million in 2024;
- our revenue from automotive parts solutions increased significantly from RMB53.4 million in 2023 to RMB169.0 million in 2024, mainly due to our delivery of two solutions to tire manufacturers for which we recognized total revenue of RMB136.5 million in 2024, including one in Thailand, reflecting our efforts to capture market demand in this sector; and
- our revenue from chemicals solutions increased significantly from RMB38.2 million in 2023 to RMB87.6 million in 2024, mainly due to our delivery of two large-scale chemical solutions in 2024 for which we recognized total revenue of RMB83.1 million in 2024, reflecting our ability to capture customer demand in this sector.

Our revenue from after-sales services increased by 4.8% from RMB47.5 million in 2023 to RMB49.8 million in 2024, primarily due to the continued demand for technical upgrade and support services from our new energy customers.

Our revenue from sales of intralogistics equipment and others decreased by 54.3% from RMB44.4 million in 2023 to RMB20.3 million in 2024, primarily because we recorded one-off sales of 27 stacker cranes for RMB21.9 million to a single customer in 2023.

### *Cost of Sales*

Our cost of sales increased by 7.2% from RMB1,456.8 million in 2023 to RMB1,561.9 million in 2024, primarily due to: (i) an increase of RMB96.6 million in the cost of direct materials in line with the increase in our revenue from smart intralogistics solutions and after-sales services; and (ii) an increase of RMB9.7 million in labor cost due to higher than budgeted labor costs in relation to a smart intralogistics solution project overseas, partially offset by a decrease of RMB2.2 million in overheads due to our cost-control measures.

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## FINANCIAL INFORMATION

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### ***Gross Profit and Gross Profit Margin***

Our gross profit from smart intralogistics solutions increased by 2.7% from RMB204.4 million in 2023 to RMB209.9 million in 2024, in line with our revenue growth in this business segment.

Our gross profit margin for smart intralogistics solutions decreased from 12.8% in 2023 to 12.2% in 2024, mainly due to market competition and strategic expansion in various sectors including automotive parts and healthcare, which are margin dilutive. This was partially offset by an increase in the new energy industry’s gross profit margin, reflecting our strong market position and competitiveness in this area. For other sectors, in 2023, we delivered certain high-margin solutions to a textile company in Pakistan for a gross margin of 26.4% and for which we recognized RMB38.4 million of revenue in 2023, and to a Photovoltaic company in Yunnan, China for a gross margin of 37.1% and for which we recognized RMB10.2 million of revenue in 2023. However, in 2024, we encountered two loss-making contracts in building solutions for chemicals customers due to our strategic expansion into new industry markets and prioritizing growth over profitability. The losses associated with these contracts was RMB3.8 million.

Our gross profit from after-sales services decreased by 23.2% from RMB28.5 million in 2023 to RMB21.9 million in 2024, primarily due to our efforts to expand our after-sales customer base by strategic lowering of our service fees. As a result, our gross profit margin for after-sales services decreased from 60.0% in 2023 to 43.9% in 2024.

Our gross profit from sales of intralogistics equipment and others decreased by 18.0% from RMB5.0 million in 2023 to RMB4.1 million in 2024, primarily due to one-off surge in sales in 2023. Despite higher 2023 revenue, gross profitability was affected by a large loss-making sale with a negative margin, causing gross profit margins in this segment to be relatively modest, at 11.2%. In 2024, no such loss-making sales occurred, and thus our gross profit margin from sales of intralogistics equipment and others recovered to 20.1%.

### ***Other Income and Gains***

Our other income and gains decreased by 20.4% from RMB19.1 million in 2023 to RMB15.2 million in 2024, primarily due to a RMB5.4 million decrease in government grants. The foregoing decrease was partially offset by a RMB2.0 million rise in fair value gains on financial assets at fair value through profit or loss, primarily due to fair value gains on bank wealth management products we purchased in 2024.

### ***Selling and Distribution Expenses***

Our total selling and distribution expenses remained relatively stable at RMB27.3 million and RMB27.1 million in 2023 and 2024, respectively.

### ***Administrative Expenses***

Our administrative expenses remained relatively stable at RMB52.2 million and RMB52.7 million in 2023 and 2024, respectively.

### ***Research and Development Expenses***

Our research and development expenses decreased by 7.7% from RMB71.3 million in 2023 to RMB65.8 million in 2024, primarily due to our increased reliance on in-house research and development as opposed to outsourced services, and our transition to material-light research model, which resulted in less expenses.

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### *Impairment Losses on Financial and Contract Assets, net*

We recorded net impairment losses on financial and contract assets of RMB11.9 million in 2023 and gains on financial and contract assets of RMB7.9 million in 2024, primarily due to (i) a decrease in our ECL for trade receivables aged over three years and reversal of bad debts on trade receivables as we recovered certain outstanding trade receivables; and (ii) a decrease in impairment losses on other receivables as we collected such receivables.

### *Other Expenses*

Our other expenses increased significantly from RMB8.4 million in 2023 to RMB15.6 million in 2024, primarily due to a RMB9.8 million late payment fee. For details, see “Business — Legal Proceedings and Compliance — Tax Matters.”

### *Finance Costs*

Our finance costs decreased by 38.6% from RMB4.4 million in 2023 to RMB2.7 million in 2024, primarily due a decrease in interest on bank borrowings following our repayment of certain bank borrowings and a decrease in prevailing market interest rates in 2024.

### *Income Tax Expenses*

Our income tax expenses increased from RMB3.2 million in 2023 to RMB6.5 million in 2024, primarily due to an increase in our taxable income.

### *Profit for the Year and Net Profit Margin*

As a result of the foregoing, our profit for the year increased by 13.3% from RMB78.2 million in 2023 to RMB88.6 million in 2024, while our net profit margin increased from 4.6% in 2023 to 4.9% in 2024.

## DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this document.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets . . . . .	103,442	134,037	144,870
Total current assets . . . . .	3,670,665	2,782,801	2,862,729
<b>Total assets . . . . .</b>	<b>3,774,107</b>	<b>2,916,838</b>	<b>3,007,599</b>
Total non-current liabilities . . . . .	6,774	4,258	3,575
Total current liabilities . . . . .	3,347,305	2,425,540	2,408,765
<b>Total liabilities . . . . .</b>	<b>3,354,079</b>	<b>2,429,798</b>	<b>2,412,340</b>
<b>Net assets . . . . .</b>	<b>420,028</b>	<b>487,040</b>	<b>595,259</b>
Share capital . . . . .	74,000	74,300	120,000
Reserves . . . . .	346,028	412,740	475,259
<b>Total equity . . . . .</b>	<b>420,028</b>	<b>487,040</b>	<b>595,259</b>

## FINANCIAL INFORMATION

### Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	March 31, 2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
<b>Current assets</b>				
Inventories . . . . .	2,480,582	1,641,751	1,222,813	1,187,018
Trade receivables . . . . .	335,903	342,163	495,703	466,113
Contract assets . . . . .	272,651	224,423	211,281	240,301
Prepayments, other receivables and other assets . . . . .	73,738	86,069	139,238	255,247
Financial assets at fair value through profit or loss . . . . .	50,001	237,688	421,870	295,281
Financial assets at fair value through other comprehensive income . . . . .	169,204	26,044	105,342	195,181
Pledged deposits . . . . .	70,460	39,061	125,250	94,699
Restricted cash . . . . .	–	35,807	37,044	11,530
Cash and cash equivalents . . . . .	218,126	149,795	104,188	102,381
<b>Total current assets . . . . .</b>	<b><u>3,670,665</u></b>	<b><u>2,782,801</u></b>	<b><u>2,862,729</u></b>	<b><u>2,847,751</u></b>
<b>Current liabilities</b>				
Trade and bills payables . . . . .	1,234,703	825,456	993,420	761,995
Other payables and accruals . . . . .	82,016	62,054	63,245	57,328
Contract liabilities . . . . .	1,930,459	1,473,419	1,318,591	1,485,378
Interest-bearing bank borrowings . . . . .	85,694	45,926	11,544	12,543
Lease liabilities . . . . .	1,969	1,175	1,827	3,724
Tax payables . . . . .	–	4,744	5,077	6,383
Provisions . . . . .	12,464	12,766	15,061	14,734
<b>Total current liabilities . . . . .</b>	<b><u>3,347,305</u></b>	<b><u>2,425,540</u></b>	<b><u>2,408,765</u></b>	<b><u>2,342,085</u></b>
<b>Net current assets . . . . .</b>	<b><u>323,360</u></b>	<b><u>357,261</u></b>	<b><u>453,964</u></b>	<b><u>505,666</u></b>

Our net current assets increased from RMB323.4 million as of December 31, 2023 to RMB357.3 million as of December 31, 2024 and RMB454.0 million as of December 31, 2025, respectively, as the decrease in our current liabilities outpaced the decrease in our current assets, primarily due to decreases in our trade and bills payables and contract liabilities. Our net current assets increased to RMB505.7 million as of March 31, 2026 as the decrease in our current liabilities outpaced the decrease in our current assets, primarily due to a decrease in our trade and bills payables, which was partially offset by an increase in our contract liabilities.

### *Inventories*

Our inventories primarily consist of (i) raw materials we use in our production, and (ii) work in progress, such as racks, shuttles and robots, and other equipment for producing our integrated intralogistics solutions.

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The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials . . . . .	92,682	91,609	59,434
Work in progress . . . . .	<u>2,397,601</u>	<u>1,597,063</u>	<u>1,219,624</u>
	2,490,283	1,688,672	1,279,058
Less: Provisions for impairment of inventories . . . . .	<u>(9,701)</u>	<u>(46,921)</u>	<u>(56,245)</u>
<b>Total . . . . .</b>	<b><u><u>2,480,582</u></u></b>	<b><u><u>1,641,751</u></u></b>	<b><u><u>1,222,813</u></u></b>

During the Track Record Period, we had substantial inventories, principally work in progress, due to our accounting policy which stipulates revenue and costs from smart intralogistics solutions are recognized only upon customer acceptance of on-site delivery. This process can span several months or over a year from start to finish. Refer to “— Material Accounting Policies And Estimates — Revenue Recognition”. During the Track Record Period, the average project duration (measured by days between commencement of solution design and customer acceptance) for our smart intralogistics solutions was 508 days in 2023, 694 days in 2024, and 530 days in 2025. Typically, customers pay us in two installments totaling 60% of the contract value up to the time when we deliver a project to customers on-site for installation. An additional 30% of the contract value is usually paid upon customer acceptance.

According to CIC, it is normal market practice for smart intralogistics solution projects to be delivered to customers first, followed by formal acceptance after several months or longer. This delay is due to necessary adjustments during initial hardware testing, integrated system commissioning, changes in customer specifications, coordination with customer-site building works, among other commercial considerations. This timing difference between project delivery and customer acceptance is a standard aspect of our smart intralogistics solutions and revenue recognition process, and does not inherently indicate project delay, dispute, or credit risk.

Our inventories decreased from RMB2,480.6 million as of December 31, 2023 to RMB1,641.8 million as of December 31, 2024, primarily due to a decrease in work in progress as we completed and delivered multiple solutions to customers before the end of 2024 after a substantial portion of work in progress inventories were utilized. Our inventories further decreased to RMB1,222.8 million as of December 31, 2025, primarily due to the completion and cost recognition of several large-scale projects during the year, which outpaced the inventory build-up for new projects.

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories to identify items with low value and make impairment provisions accordingly. Provisions for impairment of inventories surged from RMB9.7 million as of December 31, 2023 to RMB46.9 million as of December 31, 2024 mainly because we incurred higher labor costs than we budgeted on a large-value, strategic solution project in Europe. Provisions for impairment of inventories further increased into RMB56.2 million, primarily driven by a RMB10.8 million provision for a project in Southeast Asia in 2025, as we incurred additional costs to accommodate unexpected site conditions and uphold our service standards. We believe our provisions for impairment of inventories are sufficient during the Track Record Period.

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The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	1,555,830	510,113	764,325
One to two years . . . . .	711,954	798,366	158,729
Two to three years . . . . .	92,655	216,337	134,461
More than three years . . . . .	120,143	116,935	165,398
<b>Total</b> . . . . .	<b>2,480,582</b>	<b>1,641,751</b>	<b>1,222,813</b>

The following table sets forth the average inventory turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Average inventory turnover days <sup>(1)</sup> . . . . .	601	482	327

(1) Average inventory turnover days equal the average of the opening and closing inventory balances of the year indicated divided by the cost of sales of the same year and multiplied by 365 days.

Our inventory turnover days were 601 days, 482 days and 327 days in 2023, 2024 and 2025, respectively. The relatively high level inventory turnover days in 2023 was primarily due to numerous projects entering an intensive implementation period in 2023, leading to the procurement of substantial materials and equipment, resulting in a higher year-end inventory balance. In 2024 and in 2025, as we increased our project efficiency and these projects recognized revenue and costs, the inventory turnover days decreased accordingly.

As of March 31, 2026, RMB317.5 million, or 26.0%, of our inventories as of December 31, 2025 had been sold or utilized.

### *Recoverability of Inventories*

We believe that there are no material recoverability issues with respect to our inventories for the reasons provided below:

- (i) throughout the Track Record Period, we have not experienced any material recoverability issues in inventories;
- (ii) the vast majority (approximately 95.4%, excluding provisions for impairment) of our inventory balance as of December 31, 2025 is accounted for by work in progress inventory. Our work in progress inventory represent unfinished projects, and are tied to firm customer orders from which we expect to generate revenue; and
- (iii) a small portion (approximately 4.6%, excluding provisions for impairment) of our inventory balance as of December 31, 2025 is accounted for by raw materials. We procure raw materials against firm customer orders, and occasionally purchase larger quantities in advance to secure favourable pricing. Raw materials not needed for original orders can be either redeployed to other customer projects, or sold as scrap through established recycling channels.

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### *Trade Receivables and Financial Assets at Fair Value through Other Comprehensive Income*

Our trade receivables represent the outstanding amount due from our customers for the purchase of our products or solutions.

For our smart intralogistics solution, customers typically pay 30% of total contract value upon signing the agreement, 30% after on-site delivery, 30% after acceptance of the delivery, and 10% after the warranty period which is usually one year. The first and second payments are typically settled before or immediately when they fall due. The third and fourth payments typically become due upon acceptance and after the warranty period, respectively, and we do not typically grant credit terms to our customers. As such, our trade receivables are largely representative of the outstanding portion of the third and fourth payments for our smart intralogistics solutions.

The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables . . . . .	464,687	467,389	626,029
Less: Impairment . . . . .	<u>(128,784)</u>	<u>(125,226)</u>	<u>(130,326)</u>
<b>Total . . . . .</b>	<b><u>335,903</u></b>	<b><u>342,163</u></b>	<b><u>495,703</u></b>

Our trade receivables, net of impairment, increased from RMB335.9 million as of December 31, 2023 to RMB342.2 million as of December 31, 2024, primarily due to an increase in our solutions which were accepted by customers towards the end of 2024 and the resulting increase in our revenue in 2024. As of December 31, 2025, our trade receivables, net of impairment, reached RMB495.7 million. This increase was primarily attributed to the acceptance of several large-scale solutions in the second half of 2025. Payments for these projects were outstanding at year-end and within their respective credit periods. We believe our provisions for impairment of trade receivables are sufficient. In calculating provisions for impairment of trade receivables, we apply the simplified approach under HKFRS Accounting Standards to estimate ECL. On an individual basis, higher-risk receivables are provisioned at more elevated rates, ranging from 50% to 100%, depending on the severity of credit concerns.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	155,212	240,631	343,464
One to two years . . . . .	138,095	59,029	120,251
Two to three years . . . . .	26,928	34,889	20,009
Three to four years . . . . .	11,312	5,850	9,767
Four to five years . . . . .	<u>4,356</u>	<u>1,764</u>	<u>2,212</u>
<b>Total . . . . .</b>	<b><u>335,903</u></b>	<b><u>342,163</u></b>	<b><u>495,703</u></b>

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Our financial assets at fair value through other comprehensive income represent bank acceptance bills received from customers. These decreased from RMB169.2 million as of December 31, 2023, to RMB26.0 million as of December 31, 2024, due to our offering of cash payment incentives to customers and endorsing bills to settle payables with suppliers. Our financial assets at fair value through other comprehensive income increased to RMB105.3 million as of December 31, 2025 because we received an increased amount of bank acceptance bills from our customers in 2025.

The following table sets forth the average trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade receivables turnover days <sup>(1)</sup> . . . . .	146	89	94

(1) Average trade receivables turnover days equal the average of the opening and closing balances of gross carrying amount of trade receivables and financial assets at fair value through other comprehensive income of the year indicated divided by the revenue of the same year and multiplied by 365 days.

The above trade receivables turnover days indicate the average time required for us to collect payments for our solutions as whole. Our average trade receivables turnover days continued to decrease from 146 days in 2023 to 89 days in 2024, due to our continued collection efforts and cash incentives offered to customers for early payments. In 2025, our trade receivables turnover days slightly increased to 94 days.

As of March 31, 2026, RMB152.6 million, or 30.8%, of our trade receivables as of December 31, 2025 had been settled.

### *Recoverability of Trade Receivables*

We believe that there are no material recoverability issues with respect to our trade receivables for the reasons provided below:

- (i) throughout the Track Record Period, we have not experienced any material recoverability issues in trade receivables;
- (ii) In order to achieve timely settlement of our trade receivables, we have proactively made collection efforts with our customers, including closely monitoring and holding period meetings on the status of our trade receivables, and timely communicating with relevant parties and reminding them of payments through various channels. As a result, as of March 31, 2026, RMB315.2 million, RMB263.8 million and RMB152.6 million, or 93.8%, 77.1% and 30.8% of our trade receivables outstanding as of December 31, 2023, 2024 and 2025, had been subsequently collected; and
- (iii) a significant proportion (approximately 69.3%) of our trade receivables as of December 31, 2025 is accounted for by trade receivables aged one year or less.

### *Contract Assets*

Our contract assets consist of retention money for our sales of intralogistics solutions, after-sales services and intralogistics equipment and others, which is collected after the end of the warranty period.

## FINANCIAL INFORMATION

The following table sets forth a breakdown of our contract assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Smart intralogistics solutions . . . . .	284,129	236,047	222,893
After-sales services . . . . .	2,090	–	–
Sales of intralogistics equipment and others . . . . .	3,248	2,035	1,460
	289,467	238,082	224,353
Less: Impairment . . . . .	(16,816)	(13,659)	(13,072)
<b>Total</b> . . . . .	<b>272,651</b>	<b>224,423</b>	<b>211,281</b>

Our contract assets decreased from RMB272.7 million as of December 31, 2023 to RMB224.4 million as of December 31, 2024, and further, to RMB211.3 million as of December 31, 2025, primarily reflecting the net effect of new retention money arising from completed projects and the reclassification of retention money to trade receivables upon the expiry of warranty periods. In calculating impairment provisions for our contract assets, we perform impairment analyses using a provision matrix based on the ECL model. These calculations incorporate the probability-weighted outcomes of historical default rates, adjusted for forward-looking economic conditions. We believe our impairment provisions for contract assets are sufficient.

The following table sets forth an aging analysis of our contract assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	251,792	201,528	197,322
One to two years . . . . .	17,226	21,294	10,382
Two to three years . . . . .	3,633	1,601	3,577
<b>Total</b> . . . . .	<b>272,651</b>	<b>224,423</b>	<b>211,281</b>

As of March 31, 2026, RMB50.5 million, or 23.9%, of our contract assets as of December 31, 2025 had been certified.

### *Recoverability of Contract Assets*

We believe that there are no material recoverability issues with respect to our contract assets. We have applied ECL at a rate of approximately 6% during each year of the Track Record Period, and actual impairments have been minimal. Contract assets are expected to be reclassified to trade receivables upon expiration of warranty periods, reflecting fulfilment of contractual obligations. Given the predictable conversion to receivables and low actual losses, recoverability risk is not considered material. For details of our contract assets, see note 21 of the Accountants' Report in Appendix I to this document.

### *Prepayments, Other Receivables and Other Assets*

Our prepayments, other receivables and other assets primarily consist of: (i) prepayments to suppliers; and (ii) deposits, mainly comprising various deposits incurred in our normal business operations, including performance guarantee deposits, bid security deposits, and rental deposits.

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The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Current portion:</b>			
Prepayments to suppliers . . . . .	55,721	73,129	104,821
Deposits . . . . .	16,225	14,292	14,349
Prepaid tax . . . . .	5,548	2,161	–
Receivables from disposal of a subsidiary . . . . .	–	–	8,460
Deferred [REDACTED] expense . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Others . . . . .	2,118	915	981
	79,612	90,497	144,432
Impairment allowance . . . . .	(5,874)	(4,428)	(5,194)
Subtotal . . . . .	73,738	86,069	139,238
<b>Non-current portion:</b>			
Rental deposits . . . . .	235	317	438
Prepayments for long-term assets . . . . .	1,000	1,821	21,190
Subtotal . . . . .	1,235	2,138	21,628
Total . . . . .	<b>74,973</b>	<b>88,207</b>	<b>160,866</b>

Our prepayments to suppliers increased from RMB55.7 million as of December 31, 2023 to RMB73.1 million as of December 31, 2024, primarily as we made additional purchases using prepayments for components used in several smart intralogistics solution projects. Our prepayments to suppliers increased to RMB104.8 million as of December 31, 2025, primarily due to increased prepayments made for raw materials and equipment for new projects that commenced in late 2025.

As of December 31, 2025, we recorded receivables from disposal of a subsidiary of RMB8.5 million in connection with our disposal of Wuxi Senheda. For details, see “History, Development and Corporate Structure — Disposal of Wuxi Senheda Intelligent Equipment Co., Ltd. (無錫森和大智能裝備有限公司).”

As of December 31, 2025, deferred [REDACTED] expenses amounted to RMB[REDACTED], representing the portion of [REDACTED] professional and other fees that had been capitalized. These expenses are directly attributable to the issue of our [REDACTED] and will be charged to equity upon completion of the [REDACTED].

As of March 31, 2026, RMB54.2 million, or 38.9%, of our prepayments, other receivables and other assets as of December 31, 2025 had been settled.

Our prepayments for long-term assets increased from RMB1.0 million as of December 31, 2023 to RMB1.8 million as of December 31, 2024, primarily due to our prepayments for fixed assets and software for our own use. Our prepayments for long-term assets further increased to RMB21.2 million as of December 31, 2025, primarily due to RMB20.0 million in investment deposits we paid to SVOLT Energy Technology Co., Ltd. (蜂巢能源科技股份有限公司) in connection with our agreement for the potential subscription of certain equity interests. For details, see “Waivers from Strict Compliance with Listing Rules and Exemptions from the Companies (Winding Up And Miscellaneous Provisions) Ordinance” — “Waiver In Relation To Post-Track Record Period Acquisition” — “Background Of The Subscription.”

## FINANCIAL INFORMATION

### *Financial Assets at Fair Value through Profit or Loss*

Our financial assets measured at fair value through profit or loss (FVTPL) consisted of our wealth management products issued by commercial banks. Our financial assets measured at FVTPL increased significantly from RMB50.0 million as of December 31, 2023 to RMB237.7 million as of December 31, 2024, primarily because: (i) we purchased additional bank wealth management products due to a decrease in the market deposit interest rate; and (ii) we did not have significant cash requirements at year-end and therefore did not redeem most of our wealth management products. Our financial assets measured at FVTPL further increased to RMB421.9 million as of December 31, 2025, primarily due to an increase in surplus cash available for investment, resulting in a higher balance of wealth management products held at period end.

To invest our surplus cash for a higher yield than time deposit while minimizing financial risks, our cash management policy mandates that we invest in low-risk, short-term wealth management products and structure deposits offered by well-known PRC commercial banks. Factors we consider include but not limited to macro-economic and interest rate conditions, general market conditions, product maturity and yield, credit profile of the issuing financial institutions, our expected capital requirements, and the potential risk and return of the investment. After [REDACTED], we intend to continue our cash management and investment strictly in accordance with our internal policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, we will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders’ approval requirements (if applicable).

### *Trade and Bills Payables*

Our trade and bills payables primarily consist of outstanding amounts owed to third parties, principally our suppliers of components and raw materials. According to our understanding with suppliers and prevailing market practices, our suppliers give us a credit term generally ranging from 0 to 180 days to settle payments after they fall due. For large project-based procurements, we typically adopt Back-to-Back Payment Terms, under which payment to suppliers is made only after we receive corresponding payments from our customers.

Our trade and bills payables decreased from RMB1,234.7 million as of December 31, 2023 to RMB825.5 million as of December 31, 2024, primarily due to a continued decrease in our purchase of raw materials as multiple projects were completed or had already moved beyond phases requiring large-scale purchases of raw materials, while our newly undertaken projects had not yet entered the stage requiring large-scale purchases. Our trade and bills payables increased to RMB993.4 million as of December 31, 2025, primarily due to our increased use of short-term bank acceptance bills for supplier payments to better manage our working capital.

The following table sets forth an aging analysis of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	1,069,294	585,593	827,493
One to two years . . . . .	127,641	198,403	97,768
Two to three years . . . . .	21,441	15,616	41,662
Over three years . . . . .	16,327	25,844	26,497
<b>Total . . . . .</b>	<b>1,234,703</b>	<b>825,456</b>	<b>993,420</b>

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The following table sets forth the average trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Average trade and bills payables turnover days <sup>(1)</sup> . . . . .	334	241	208

(1) Average trade and bills payables turnover days equal the average of the opening and closing balances of gross carrying amount of trade and bills payables balances of the year indicated divided by the cost of sales of the same year and multiplied by 365 days.

Our average trade and bills payables turnover days decreased from 334 days in 2023 to 241 days in 2024 due to a reduction in accounts payable, as newly initiated projects have not yet reached the centralized procurement phase, resulting in fewer payables. Our average trade and bills payables turnover days further declined to 208 days in 2025, primarily due to our continued settlement of supplier invoices. Our average trade and bills payables turnover days are longer than the typical credit periods granted by our suppliers (which generally range from 0 to 180 days) primarily because of the following factors:

- Our trade and bills payables turnover days reflect the combined settlement cycle of trade payables and bills payables, rather than the credit terms of individual suppliers. Our average trade payables turnover days alone (excluding bills) ranged from 131 to 181 days during the Track Record Period, which are more realistic representation of our settlement cycle with suppliers.
- For large project-based procurements, we typically negotiate Back-to-Back Payment Terms with suppliers that are aligned with the collection schedule from our customers. As a result, payment to certain suppliers may be deferred to match customer receipts, extending the effective settlement period.
- For certain equipment purchases, supplier contracts specify that final payments are contingent on the completion of a warranty period (usually exceeding one year). We settle such payables only after the warranty period ends, further lengthening the turnover period.

As of March 31, 2026, RMB645.9 million, or 65.0%, of our trade and bills payables as of December 31, 2025 had been settled.

Certain of our trade and bills payables are subject to Back-to-Back Payment Terms, under which we pay our suppliers proportionally upon receiving payment from our customers for the solutions in which the procured goods are integrated. Where a customer delays payment to us, we correspondingly defer payment to the supplier in accordance with such terms. In consequence, payables subject to Back-to-Back Payment Terms are deemed past due only after receiving the corresponding payment from the end-customer.

The following table sets forth an aging analysis of our trade and bills payables past due (assuming the Back-to-Back Payment Terms are enforceable) but not yet settled as of the dates indicated:

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	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Within one year . . . . .	84,733	26,030	55,431	75,586
One to two years . . . . .	40,752	39,396	5,963	6,062
Two to three years . . . . .	1,099	5,000	1,193	2,186
Over three years . . . . .	2,924	2,891	3,296	3,208
<b>Total<sup>(1)(2)</sup></b> . . . . .	<b><u>129,508</u></b>	<b><u>73,317</u></b>	<b><u>65,883</u></b>	<b><u>87,042</u></b>

(1) In respect of payables subject to Back-to-Back Payment Terms, suppliers are assumed to be entitled to milestone-based payments upon achieving the corresponding contractual milestones, in proportion to the amounts we receive from the end-customer. Payables subject to Back-to-Back Payment Terms are deemed past due if the corresponding payment has been received from the end-customer and we have not made proportionate payment to the supplier.

(2) Payables not subject to Back-to-Back Payment Terms become past due upon expiry of the applicable credit period.

We arrange monthly settlement of trade and bills payables: (i) in the case of payables subject to Back-to-Back Payment Terms, after receiving the corresponding payment from the end-customer (at which point such payables are already deemed past due); and (ii) in the case of payables not subject to Back-to-Back Payment Terms, at or near the end of the prescribed credit period, in which case settlement may occur after the payable is deemed past due.

Trade and bills payables past due (assuming the Back-to-Back Payment Terms are enforceable) but not yet settled decreased from approximately RMB129.5 million as of December 31, 2023 to approximately RMB73.3 million as of December 31, 2024, primarily attributable to our continued settlement of outstanding obligations in the ordinary course of business.

Trade and bills payables past due (assuming the Back-to-Back Payment Terms are enforceable) but not yet settled decreased to RMB65.9 million as of December 31, 2025, primarily because of decreases in payables aged between one to three years. As of March 31, 2026, we had settled RMB40.3 million, or approximately 61.2% of our trade and bills payables which were past due (assuming the Back-to-Back Payment Terms are enforceable) but not settled as of December 31, 2025. Trade and bills payables past due (assuming the Back-to-Back Payment Terms are enforceable) but not yet settled increased to RMB87.0 million as of March 31, 2026 due to our increased procurement with suppliers at the first quarter of the year and the resulting increase in short-term payables aged within one year.

The following table sets forth an aging analysis of our trade and bills payables past due (assuming the Back-to-Back Payment Terms are unenforceable) but not yet settled as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Within one year . . . . .	103,230	69,759	70,850	85,261
One to two years . . . . .	72,855	46,042	7,746	21,133
Two to three years . . . . .	21,441	15,616	41,662	27,833
Over three years . . . . .	16,327	25,844	26,497	26,409
<b>Total<sup>(1)(2)</sup></b> . . . . .	<b><u>213,853</u></b>	<b><u>157,261</u></b>	<b><u>146,755</u></b>	<b><u>160,636</u></b>

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- (1) In respect of payables subject to Back-to-Back Payment Terms, suppliers are assumed to be entitled to milestone-based payments upon achieving corresponding contractual milestones, irrespective of whether we have received payment from the customer. Payables subject to Back-to-Back Payment Terms are deemed past due when suppliers have achieved the relevant contractual milestones.
- (2) Payables not subject to Back-to-Back Payment Terms become past due upon expiry of the applicable credit period.

Trade and bills payables past due (assuming Back-to-Back Payment Terms are unenforceable) but not yet settled decreased from RMB213.9 million as of December 31, 2023 to RMB157.3 million as of December 31, 2024, primarily attributable to our continued settlement of outstanding obligations in the ordinary course of business.

Trade and bills payables past due (assuming the Back-to-Back Payment Terms are unenforceable) but not yet settled further decreased to RMB146.8 million as of December 31, 2025, primarily due to settlement with suppliers. As of March 31, 2026, trade and bills payables past due (assuming the Back-to-Back Payment Terms are unenforceable) but not yet settled increased to RMB160.6 million as a result of increases in our payables aged within one year and between one and two years. This increase is primarily attributed to the increased procurement with suppliers at the first quarter of the year and the migration of certain past due amounts to over one year.

### *Other Payables and Accruals*

Our other payables and accruals primarily consist of (i) other tax payables, mainly including VAT; and (ii) payroll and welfare payable to our employees.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Deposits received . . . . .	4,023	8,452	9,382
Payroll and welfare payable. . . . .	29,746	30,065	37,976
Other tax payables . . . . .	43,755	16,650	12,929
Payables for purchase of property, plant and equipment. . . . .	1,268	1,056	1,227
Due to related parties . . . . .	1,047	–	–
Other payables . . . . .	2,177	5,831	1,731
<b>Total . . . . .</b>	<b><u>82,016</u></b>	<b><u>62,054</u></b>	<b><u>63,245</u></b>

Our other payables and accruals decreased from RMB82.0 million as of December 31, 2023, to RMB62.1 million as of December 31, 2024, primarily due to a decrease in other tax payables attributable to our value-added tax paid. Our other payables and accruals increased to RMB63.2 million as of December 31, 2025, primarily due to an increase in our employee compensation in line with our revenue growth.

As of March 31, 2026, RMB52.6 million, or 83.2%, of our other payables and accruals as of December 31, 2025 had been settled.

## FINANCIAL INFORMATION

### *Contract Liabilities*

Our contract liabilities primarily consist of prepayments received from customers pursuant to contractual terms. Our contract liabilities decreased from RMB1,930.5 million as of December 31, 2023 to RMB1,473.4 million as of December 31, 2024, primarily due to our completion and delivery of multiple solution projects. Our contract liabilities further decreased to RMB1,318.6 million, primarily due to the accelerated progress of project acceptance by our customers.

As of March 31, 2026, RMB227.8 million, or 17.3%, of our contract liabilities as of December 31, 2025 had been recognized as revenue.

### *Provisions*

Our provisions primarily consist of warranty provisions related to contractual obligations. Our provisions increased from RMB12.5 million as of December 31, 2023 to RMB12.8 million as of December 31, 2024, primarily due to fluctuations in warranty. Our provisions further increased to RMB15.1 million as of December 31, 2025, primarily due to an increase in warranty provisions in line with our revenue growth.

### **Non-Current Assets and Liabilities**

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	57,018	52,477	52,137
Investments in an associate . . . . .	–	–	14,866
Right-of-use assets . . . . .	11,679	38,734	9,322
Other intangible assets . . . . .	2,885	7,212	9,689
Equity investments at fair value through profit or loss . . . . .	2,000	2,000	2,000
Deferred tax assets . . . . .	28,625	31,476	35,228
Prepayments, deposits and other receivables . . . . .	1,235	2,138	21,628
<b>Total non-current assets</b> . . . . .	<b>103,442</b>	<b>134,037</b>	<b>144,870</b>
<b>Non-current liabilities</b>			
Deferred income . . . . .	3,692	3,052	2,453
Lease liabilities . . . . .	3,082	1,206	1,122
<b>Total non-current liabilities</b> . . . . .	<b>6,774</b>	<b>4,258</b>	<b>3,575</b>
<b>Net assets</b> . . . . .	<b>420,028</b>	<b>487,040</b>	<b>595,259</b>

### *Property, Plant and Equipment*

Our property, plant and equipment primarily include buildings, machinery, vehicles, lease improvements, construction in progress, and vehicles. The carrying amount of our property, plant and equipment was RMB57.0 million, RMB52.5 million and RMB52.1 million as of December 31, 2023, 2024 and 2025 respectively. The changes in the carrying amount of our property, plant and equipment during the Track Record Period was primarily due to our procurement of new production facilities and equipment and renovation to support our business operations, offset by depreciation and amortization and disposal of old property and equipment.

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### *Right-of-Use Assets*

Our right-of-use assets increased from RMB11.7 million as of December 31, 2023 to RMB38.7 million as of December 31, 2024, primarily due to the acquisition of additional land use rights by our subsidiary. Our right-of-use assets decreased to RMB9.3 million as of December 31, 2025, primarily due to the disposal of Wuxi Senheda, which included a parcel of land with a carrying amount of RMB28.6 million. For details, see “History, Development and Corporate Structure — Disposal of Wuxi Senheda Intelligent Equipment Co., Ltd. (無錫森和大智能裝備有限公司).”

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements mainly from cash generated from our operations and bank borrowings. We had cash and cash equivalents of RMB218.1 million, RMB149.8 million, and RMB104.2 million as of December 31, 2023, 2024 and 2025, respectively. Our cash and cash equivalents include cash on hand, and deposits held with financial institutions.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, bank borrowings and other funds raised from the capital markets from time to time and the [REDACTED] received from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

### Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows from/(used in) operating activities . . . . .	(61,566)	226,838	216,481
Net cash flows from/(used in) investing activities . . . . .	21,987	(226,825)	(209,498)
Net cash flows (used in)/from financing activities . . . . .	8,572	(68,254)	(52,240)
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>(31,007)</b>	<b>(68,241)</b>	<b>(45,257)</b>
Cash and cash equivalents at beginning of year . . . . .	249,133	218,126	149,795
Effects of exchange rate changes on cash and cash equivalents . . . . .	—	(90)	(350)
<b>Cash and cash equivalents at end of period . . . . .</b>	<b><u>218,126</u></b>	<b><u>149,795</u></b>	<b><u>104,188</u></b>

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## FINANCIAL INFORMATION

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### *Cash Flows from/(used in) Operating Activities*

Cash flow from operating activities reflects: (i) profit before tax adjusted for non-cash and non-operating items, such as finance costs, depreciation of items of property, plant and equipment and right-of-use assets; and (ii) the effects of movements in working capital.

In 2025, we had net cash generated from operating activities of RMB216.5 million. This amount represented our profit before tax of RMB111.4 million, adjusted for non-cash and non-operating items, primarily: (i) depreciation of items of property, plant and equipment of RMB9.8 million; (ii) share-based payment expenses in connection with our share incentive scheme of RMB10.8 million; and (iii) loss on disposal of a subsidiary of RMB2.1 million. The amount was further adjusted by changes in certain working capital accounts, primarily: (i) a RMB409.6 million decrease in inventories primarily due to customer acceptance of several large projects; (ii) a RMB168.0 million increase in trade and bills payables, primarily due to increased procurement with suppliers; and (iii) a RMB154.8 million decrease in contract liabilities primarily due to the aforementioned customer acceptance of several projects.

In 2024, we had net cash generated from operating activities of RMB226.8 million. This amount represented our profit before tax of RMB95.1 million, adjusted for non-cash and non-operating items, primarily: (i) depreciation of items of property, plant and equipment of RMB8.8 million; and (ii) loss on disposal of items of property, plant and equipment of RMB4.2 million. The amount was further adjusted by changes in certain working capital accounts, primarily: (i) a RMB801.6 million decrease in inventories, primarily due to our completion and delivery of multiple smart intralogistics solutions; (ii) a RMB457.0 million decrease in contract liabilities, primarily due to our aforementioned completion and delivery of solution projects; and (iii) a RMB409.2 million decrease in trade and bills payables, primarily due to our settlement of outstanding payables.

In 2023, we had net cash used in operating activities of RMB61.6 million. This amount represented our profit before tax of RMB81.4 million, adjusted for non-cash and non-operating items, primarily: (i) depreciation of items of property, plant and equipment of RMB10.3 million; and (ii) depreciation of right-of-use assets of RMB8.0 million. The amount was further adjusted by changes in certain working capital accounts, primarily: (i) a RMB326.3 million decrease in financial assets at fair value through other comprehensive income, primarily due to our endorsement of bank acceptance bills; (ii) a RMB204.1 million decrease in contract liabilities, primarily due to our completion and delivery of multiple solution projects; (iii) a RMB200.6 million decrease in trade and bills payables, primarily due to our settlement of outstanding payables; and (iv) a RMB166.3 million increase in inventories, primarily due to an increase in our work in progress after we commenced production of several smart intralogistics solutions in 2023.

We are adopting the following measures to improve our net operating cash flow:

- ***Customer collections.*** We have sought to optimize contract payment terms with our customers, including increasing the proportion of advance payments. For example, in nine smart intralogistics solution project contracts newly signed with existing customers in 2025, the proportion of payment due upon signing was increased from 30% to 40%. The combined contract value of these projects is RMB748.3 million.
- ***Supplier payments.*** We have strengthened negotiations with our suppliers to change means of payment for certain payables from bank transfer to settlement by bank acceptance bills, thereby easing short-term cash outflow pressure.
- ***Project management.*** We plan to utilize a project management platform to enhance project progress control, strengthen cost and funding milestone management, and optimise project implementation cycles, thereby reducing capital tied up in work in progress and improving cash flow turnover.

## FINANCIAL INFORMATION

### *Cash Flows from/(used in) Investing Activities*

In 2025, we had net cash used in investing activities of RMB209.5 million, mainly attributable to purchases of financial assets at FVTPL of RMB1,147.0 million and a prepaid investment of RMB20.0 million, partially offset by (i) the redemption of financial assets at FVTPL amounting to RMB967.3 million, and (ii) net cash inflows from the disposal of a subsidiary of RMB18.6 million.

In 2024, we had net cash used in investing activities of RMB226.8 million, mainly attributable to purchase of financial assets at FVTPL of RMB1,107.0 million, partially offset by redemption of financial purchase of financial assets at FVTPL of RMB924.0 million.

In 2023, we had net cash from investing activities of RMB22.0 million, mainly attributable to redemption of financial purchase of financial assets at FVTPL of RMB929.6 million, partially offset by purchase of financial assets at FVTPL of RMB898.1 million.

### *Cash Flows from/(used in) Financing Activities*

In 2025, we had net cash used in financing activities of RMB52.2 million, mainly attributable to (i) payments of [REDACTED] expenses of RMB[REDACTED] and (ii) repayments of interest-bearing bank borrowings of RMB46.9 million.

In 2024, we had net cash used in financing activities of RMB68.3 million, mainly attributable to: (i) repayment of interest-bearing bank borrowings of RMB87.3 million, partially offset by new interest-bearing bank borrowings of RMB47.5 million; and (ii) dividends paid to the controlling shareholder of RMB23.5 million.

In 2023, we had net cash generated from financing activities of RMB8.6 million, mainly attributable to new interest-bearing bank borrowings of RMB108.0 million, partially offset by (i) repayment of interest-bearing bank borrowings of RMB86.7 million; and (ii) payments for lease liabilities to RMB7.2 million.

## INDEBTEDNESS

During the Track Record Period, our indebtedness included non-trade amounts due to related parties, interest-bearing bank borrowings, current lease liabilities, and non-current lease liabilities. As of March 31, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB43.7 million. As of the same date, we had RMB509.0 million of unutilized banking facilities available for drawdown.

The following table sets forth the balance and breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
				<i>(unaudited)</i>
		<i>(RMB in thousands)</i>		
Due to related parties . . . . .	1,047	–	–	–
Interest-bearing bank borrowings .	85,694	45,926	11,544	12,543
Current lease liabilities . . . . .	1,969	1,175	1,827	3,724
Non-current lease liabilities . . . . .	3,082	1,206	1,122	27,570
<b>Total . . . . .</b>	<b><u>91,792</u></b>	<b><u>48,307</u></b>	<b><u>14,493</u></b>	<b><u>43,837</u></b>

## FINANCIAL INFORMATION

Our total indebtedness decreased from RMB91.8 million as of December 31, 2023 to RMB48.3 million as of December 31, 2024, primarily due to a decrease in our interest-bearing bank borrowings at the year-end. Our total indebtedness further decreased to RMB14.5 million as of December 31, 2025, primarily due to repayments of interest-bearing bank borrowings. Our total indebtedness increased to RMB43.8 million as of March 31, 2026, primarily due to the recognition of lease liabilities under a newly executed long-term lease agreement for a larger, consolidated production facility in Wuxi, to which we are relocating our operations from our previous separate factories.

Our interest-bearing bank borrowings were primarily guaranteed bank borrowings with maturities of within one year and bore interest rates ranging from approximately 2.2% to 3.2% per year. Our interest-bearing bank borrowings were primarily used for working capital purposes. For details, see note 29 of the Accountants’ Report included in Appendix I to this document.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our bank borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in our bank borrowings or payables, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. Our Directors confirm that there has not been any material change in our indebtedness since December 31, 2025 and as of the date of this document.

As of December 31, 2023, we recorded non-trade amounts due to related parties, which have been fully settled before December 31, 2024. See “— Related Party Transactions” for details.

Except as disclosed above, as of the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, loans, bank overdrafts or other indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees.

### CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities.

### CAPITAL EXPENDITURES

Our capital expenditures primarily include purchases of intangible assets, property, plant and equipment and right-of-use assets. The following table sets forth our capital expenditures for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Purchase of intangible assets . . . . .	232	7,616	4,892
Purchase of items of property, plant and equipment . . . . .	11,389	9,636	9,713
Additions of right-of-use assets . . . . .	—	29,253	—
<b>Total</b> . . . . .	<b>11,621</b>	<b>46,505</b>	<b>14,605</b>

## FINANCIAL INFORMATION

Our additions of right-of-use assets as of December 31, 2024 represent our lease of additional production facilities in Suzhou and the lease of additional land use rights by our subsidiary as well as our purchase of licencing rights from a related party.

### CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments of RMB4.5 million, RMB0.4 million, and RMB1.2 million, respectively, in relation to property, plant and equipment.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios:

	As of or for the Year ended December 31,		
	2023	2024	2025
Gearing ratio <sup>(1)</sup> . . . . .	20.4%	9.4%	1.9%
Current ratio <sup>(2)</sup> . . . . .	1.1	1.1	1.2
Quick ratio <sup>(3)</sup> . . . . .	0.4	0.5	0.7
Return on assets <sup>(4)</sup> . . . . .	2.0%	2.6%	3.3%

(1) Gearing ratio is calculated based on total debt, including total bank borrowings, divided by total equity as of the date indicated and multiplied by 100%.

(2) Current ratio is calculated based on current assets divided by current liabilities as of the date indicated.

(3) Quick ratio is calculated based on current assets less inventories divided by current liabilities as of the date indicated.

(4) Return on assets equals net profit for the year indicated divided by average assets of the end of the same year and prior year.

### RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. For details, see note 39 of the Accountants’ Report included in Appendix I to this document. During the Track Record Period, our related party transactions primarily comprised purchases of goods, such as intralogistics equipment, from related parties. Our non-trade related transactions with related parties consist of payables due to our Controlling Shareholder, which amounted to RMB1.0 million, nil, and nil as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2025, all our amounts due to related parties of a non-trade nature have been fully settled. Any related party transactions after the [REDACTED] will be conducted in compliance with the applicable Listing Rules.

It is the view of our Directors that each of the related party transactions set out in Note 39 of the Accountants’ Report in Appendix I to this document (i) were conducted on arm’s length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole; and (ii) do not distort our financial results during the Track Record Period or make our historical results not reflective of our future performance.

### OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

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## FINANCIAL INFORMATION

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### FINANCIAL RISK DISCLOSURE

Our activities expose us to a variety of financial risks, including credit risk, liquidity risk, and capital management risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We do not use any derivative financial instruments to hedge certain risk exposures during the Track Record Period. For details of our financial risks, see note 43 of the Accountants’ Report included in Appendix I to this document.

### DIVIDENDS

We declared and paid dividends of nil, RMB23.5 million and nil to our shareholders in 2023, 2024 and 2025, respectively.

Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. We currently do not have any dividend policy or fixed dividend pay-out ratio. Our Shareholders in a general meeting may approve any declaration of dividends recommended by our Board.

### DISTRIBUTABLE RESERVES

As of December 31, 2025, we had RMB96.6 million in distributable reserves available for distribution to our shareholders.

### UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II — Unaudited [REDACTED] Financial Information to this document for details.

### DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure required under Rules 13.13 to 13.19 of the Listing Rules upon the listing of the Shares on the Stock Exchange.

### [REDACTED] EXPENSES

Our [REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the [REDACTED] of the indicative [REDACTED] range, and no exercise of the [REDACTED], we estimate that our [REDACTED] expenses will be approximately RMB[REDACTED], accounting for approximately [REDACTED]% of our [REDACTED], of which RMB[REDACTED] is directly attributable to the issue of our [REDACTED] and will be deducted from equity, and approximately RMB[REDACTED] was charged to our consolidated income statement for 2025, and approximately RMB[REDACTED] is expected to be charged to our consolidated income statement for 2026. Our estimated [REDACTED] expenses include (i) [REDACTED] expenses of approximately RMB[REDACTED] and (ii) [REDACTED] related expenses of approximately RMB[REDACTED], which are further categorized into: (a) fees and expenses of legal advisers and the Reporting Accountant of approximately RMB[REDACTED]; and (b) other fees and expenses of approximately RMB[REDACTED]. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2026.