OVERVIEW

Who We Are

We are an advanced industrial robotics company in China and among the early market entrants in developing embodied intelligent robotics. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots. According to Frost & Sullivan, in terms of revenue in 2025, we rank first among all Chinese manufacturers of welding robots.

In line with market trends, we have built a "dual-driven" growth model that strengthens our domestic base while pursuing strategic expansion overseas. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC, such as Germany and Japan. Our products' proven process stability and adaptability have led to their adoption by leading local manufacturers.

Building on our expertise in motion control and other fundamental technologies for industrial robots, we initiated a strategic expansion in 2018 from key raw materials and components into complete robotic products, culminating in the successful launch of our first complete robotic product in the same year and first embodied intelligent robot in 2022. We have established a fully self-developed product portfolio of industrial robots. As of the Latest Practicable Date, this portfolio encompassed over 70 models, mainly categorized into industrial robots, collaborative robots and embodied intelligent robots. Our industrial robotic products are deployed across sectors including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare.

Our Fully Self-developed Product Matrix and Comprehensive Application Scenarios

Our full-stack product matrix

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

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

Comprehensive product application scenarios

Our industrial robotic products are deployed across sectors including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Within these sectors, our robots cover most scenarios including welding, grinding, handling, cutting, gluing, and more. Our embodied intelligent robots also address specific application scenarios, for example, intelligent welding for power transmission towers, intelligent photovoltaic panel paving, intelligent grain sampling, intelligent board handling for woodworking, and intelligent airport luggage handling.

Our Technical Features

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

Our specific technical features mainly include: (a) ***scalable control software system from the underlying layer to the cloud.*** We have successfully achieved in-house development across the entire technology stack, from the physical robot and its core software to applications and the cloud. Our system enables "plug-and-play" functionality across multiple industrial scenarios while balancing both technical sophistication and ease of use. According to Frost & Sullivan, our control software is recognized for its strengths in process adaptability and user-friendliness; (b) ***algorithmic advantages.*** Our robots demonstrate leading capabilities in three key performance benchmarks for industrial robots, namely, positioning accuracy, trajectory accuracy, and cycle time performance. According to Frost & Sullivan, (i) our full-chain high-precision controller for industrial robots meets advanced industry standards. In particular, the trajectory repeatability error range of our flagship models of LH and RH series robots is leading in the industry; (ii) in trajectory accuracy, our trajectory deviation is reduced to ± 0.06 mm, outperforming the industry average of ± 0.08 mm; (iii) our cycle time performance is competitive within the industry in China; and (c) ***leading innovative hardware control system.*** We have developed an innovative hardware control architecture and were an early integrator of embedded technologies, contributing to efficiency improvements and enhanced operational precision within the industry. Please also refer to "– Competitive Strengths – Strong In-house R&D Capabilities and Comprehensive R&D Platform System" and "– Research and Development" below.

Our Market Presence

During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC. Our products' proven process stability and adaptability have led to their adoption by leading local manufacturers.

In addition, to enhance responsiveness in overseas markets and accelerate localized operations, we established a subsidiary in Malaysia in 2024 to become our regional operations center for Southeast Asia in the near future, serving surrounding markets. We selected Malaysia as our regional operational center in Southeast Asia primarily due to (a) its emerging investment markets, sustainable economic growth and comprehensive legal framework; and (b) it implements a free and open foreign trade policy, a regime that is expected to facilitate the import and export of our products. In 2025, we launched "24/7" response by sending our personnel to India,

Turkey, and Mexico, which significantly shortens issue resolution cycles. Meanwhile, during the Track Record Period, we have developed partnerships with more than 80 local professional system integrators overseas. Through our "local partners + technology empowerment" model, we adapt to the process requirements and industrial characteristics of different regions.

Our Business Growth

We achieved sustained growth in revenue and gross profit during the Track Record Period. Our revenue increased by 5.2% from RMB222.4 million in 2023 to RMB234.0 million in 2024, and further to RMB324.2 million in 2025, a 38.5% increase compared with 2024. Correspondingly, our gross profit demonstrated growth, rising from RMB60.2 million in 2023 to RMB71.2 million in 2024, and further to RMB106.9 million in 2025. Our gross profit margin recorded at 27.1% in 2023, 30.4% in 2024, and 33.0% in 2025.

COMPETITIVE STRENGTHS

An advanced industrial robotics company in China and among the early market entrants in developing embodied intelligent robotics, with notable performance in welding functionality

We are an advanced industrial robotics company in China and were among the early market entrants in developing embodied intelligent robotics. We have built full-stack self-developed core technologies, an industry term that refers to our development and control of key technologies across the entire value chain, from key raw materials and components to software and system integration. This concept is an accepted industry term according to Frost & Sullivan. Leveraging our full-stack self-developed core technologies and multi-scenario intelligent application capabilities, we have successfully established a fully self-developed product matrix mainly covering three major categories, namely, industrial robots, collaborative robots, and embodied intelligent robots.

According to Frost & Sullivan, in terms of revenue in 2025, we rank first among all Chinese manufacturers of welding robots. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC. Our products' proven process stability and adaptability have led to their adoption by leading local manufacturers.

Before 2018, we operated primarily as a supplier of industrial robot controllers and complete electrical systems. Soon after our establishment in 2012 with a focus on foundational robotics technologies, we expanded our business scale and gained market recognition in these areas in China. Building on our expertise in motion control and other fundamental technologies for industrial robots, we initiated a strategic expansion in 2018 from key raw materials and components into complete robotic products, culminating in the successful launch of our first complete robotic product in the same year and first embodied intelligent robot in 2022. We have established a fully self-developed product portfolio of industrial robots. As of the Latest Practicable Date, this portfolio encompassed over 70 models, mainly categorized into industrial robots, collaborative robots and embodied intelligent robots. Our industrial robotic products are deployed across sectors including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare.

According to Frost & Sullivan, China's industrial robotics market exhibited high growth, expanding from RMB40.4 billion in 2021 to RMB53.8 billion in 2025, achieving a CAGR of 7.4% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB108.0 billion by 2030 with a CAGR of 14.8% from RMB62.2 billion in 2026. Global industrial robotics market exhibited high growth, expanding from RMB93.9 billion in 2021 to RMB113.9 billion in 2025, achieving a CAGR of 5.0% during this period. As downstream application scenarios and market demand continue to expand, the market is projected to accelerate further, reaching RMB207.3 billion by 2030 with a CAGR of 12.6% from RMB128.7 billion in 2026.

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

We are committed to empowering industrial upgrading worldwide by delivering professional and user-friendly intelligent industrial robots.

Strong In-house R&D capabilities and comprehensive R&D platform

We establish competitive barriers across multiple dimensions, mainly including: (a) ***internationally competitive algorithm barriers.*** Our adaptive accuracy compensation algorithm enables our robots to achieve internationally leading performance on key precision metrics, with repeat positioning accuracy as low as 0.02 mm, positioning accuracy as low as 0.2 mm, and path repeatability as low as 0.1 mm, as confirmed by Frost & Sullivan; (b) ***deeply embedded technological barriers.*** We believe our embedded technological barriers are established by integrating our process technologies directly into customer production workflows and lines, where our robots become critical operational components. Furthermore, our process parameter optimization fosters stable operational habits among long-term users, significantly reducing their incentive to switch. This, combined with designs featuring a mean time between failures ("**MTBF**") exceeding 100,000 hours and comprehensive lifecycle services, ensures continuous and stable production line operation, thereby strengthening customer satisfaction and loyalty; (c) ***AI empowerment.*** Guided by our "scenario-defined product" strategy, we see AI as the core force behind driving performance improvements and advancing our products. We leverage AI to enhance our products. For instance, our specialized robots use AI vision and force control to perform high-precision tasks like welding and grinding. Our six-axis multifunctional industrial robots use an AI-powered "control cerebellum" that allows them to work together safely, navigate around obstacles, and plan their own paths; and (d) ***platform-based R&D system balancing short-term execution and long-term innovation***. Our R&D strategy strikes a balance between fundamental research and applied solutions, aligning our technological development with fast-paced market demands. Structurally, we have built a core technology base organized around dedicated platforms for software, drive-and-control, robot hardware, and welding power sources. This is powered by a dual-track R&D model. Our R&D team plans the long-term technology roadmap, while our product team focuses on industry needs to develop commercial solutions for the coming year. This model accelerates product development, improves market responsiveness, controls costs, and creates a closed-loop innovation path from technology to product to application. For further details on our R&D achievements, please refer to "– Research and Development" below.

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

Building on multidisciplinary expertise and experience, we have developed a comprehensive industrial robotic product matrix. Empowered by AI and guided by core scenario-driven demands, our products achieve multi-scenario coverage, from core industrial operations to cross-industry specialized applications, allowing us to meet the intelligent production needs of different sectors and processes: (a) ***comprehensive product categories.*** With full-stack self-developed robotic technologies at the core, we integrate the flexibility of six-axis industrial robots, the efficiency of four-axis industrial robots, the human-machine collaboration of collaborative robots, and the intelligent autonomy of embodied intelligent robots to build a comprehensive product matrix. Through our strategy of "full-category support for all-scenario", our products have been applied from light-load operations in electronic precision manufacturing to heavy-duty tasks in automobile production, and even to

specialized scenarios in public infrastructure industries; and (b) ***adaptability to multiple scenarios and complex environments.*** Beyond achieving upgrades from single-task equipment to intelligent production lines, we have further expanded the boundaries of scenario adaptability. We are committed to providing comprehensive intelligent robotic products for key phases in industrial production, covering diverse scenarios such as welding, handling, palletizing, spraying, gluing, polishing, and grinding. Moreover, to meet the flexible production demands of small-batch and multi-variety manufacturing, we have developed multiple embodied robot solutions that significantly reduce the ease of use and broaden the application of robotics in flexible manufacturing. Our products also demonstrate environmental adaptability and reliability, capable of stable operation under extreme temperatures. They also perform in complex industrial electromagnetic environments with anti-interference performance. In projects with stringent environmental requirements, our robots meet high standards of voltage resistance and insulation under special working conditions.

Proven commercialization capabilities

Throughout our ten years of operations, we have developed a commercialization model that integrates a partner ecosystem, proprietary technologies, and global services. This model enables long-term, collaborative relationships with established clients across industries, alongside broad worldwide market coverage: (a) ***ecosystem partnership network:*** we have developed a global network encompassing a number of downstream partners, with our products applied vertically across core industries including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Our direct sales and support capabilities cover a wide range of customers, from small teams to large system integrators. This range allows us to serve both broad industrial applications and more targeted scenarios. In addition, we maintain long-term cooperation with core partners whose businesses focus on robotic applications; and (b) ***global service network:*** during the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC. To address the diverse requirements of overseas markets, we employ a strategy of technical adaptation and localized service. For more details on our overseas commercialization layout, please refer to "– Overview – Our Market Presence" above.

Supply chain integration advantages

Through collaboration, we have established a supply chain system founded on co-development, stable supply, and cost efficiency. This system serves as a competitive edge, solidly supporting our diverse product matrix and broad market application: (a) ***stable relationships with core suppliers***. We have established stable partnerships with leading suppliers in the industry. During the Track Record Period, our relationships with the vast majority of our core suppliers have remained stable. Through collaboration with suppliers in customized benchmarking and technology improvements, we have jointly promoted industrial upgrading; (b) ***maintaining high localization rate.*** Throughout the Track Record Period, in terms of procurement amount, approximately 95.0% of the raw materials for key raw materials and components of our robotic products are sourced domestically. Consequently, our products are typically priced lower than imported brands of comparable quality. This dual value proposition of international-level technology and domestic cost structure has been key to competing effectively against major foreign brands and gaining market share; and (c) ***customized component supply system supporting our products.*** We have established a collaborative model with suppliers centered on joint definition and customized development. By co-developing key raw materials and components, we have significantly optimized the overall performance and production adaptability of our robots, thereby strengthening the core competitiveness of our products.

Experienced core team

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

Since entering the field, Mr. Li has made contributions to advancing China's industrial robotics industry through his expertise and breakthroughs in the sector. As the driving force behind our technological innovation, Mr. Zhu has led our team to overcome various key industry challenges. Our core team adheres to a "technology commercialization" pathway, directing R&D investment precisely toward frontier areas such as embodied intelligence, while implementing a "specialization + localization" dual-track strategy for global expansion. The stability and expertise of our core team, coupled with their passion and forward-looking industry insight, have continuously led to our growth. In addition, we have received investments from several institutions, such as Northern Light Venture Capital, Eastern Bell Equity and Shuanghuan Driveline as strategic industrial chain investors. Their contributions exceeded financial investment, having simultaneously elevated our brand reputation, strengthened our industry insight, and expanded our ability to seize future opportunities through their extensive networks.

GROWTH STRATEGIES

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

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

Core underlying robotic technologies: We will prioritize R&D efforts into (i) high-lifespan, high-consistency, high-efficiency and high-safety robotic core technologies (including transmission mechanisms and power electronics hardware); (ii) robot vibration control and suppression technologies; (iii) robot precision and precision maintenance technologies; and (iv) research into industrial processes such as welding, grinding, cutting, and spraying.

Scenario-specific multimodal vertical models: For process scenarios like welding, spraying, and grinding, we will focus on the development of industry-specific control models and scenario datasets integrating processes and sensors. For assembly scenarios, we will create similar industry control models and datasets combining force and tactile sensors. By fusing multiple sensing capabilities to synergistically process visual, force, and tactile information, we aim to equip robots with near-human judgment and operational capabilities in industrial and household service scenarios. We will also research multi-robot collaboration technologies and build multimodal control models to enable flexible adaptation across scenarios. Through integration of AI with processes, robot control, and perception, we will develop simulation data twin software systems, collect industry scenario data, and build a robot computing power platform to achieve cross-platform delivery of multi-category robots.

Continuous expansion of product portfolio and application scenarios

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

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

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

In overseas markets, we plan to increase marketing investments and channel development to build a sales and service network covering major counties or regions in the international market. We plan to establish local teams in key international markets and advance our global deployment specifically, we plan to establish local presence in (i) both northern and southern India; (ii) North America, Latin America, and Europe; and (iii) Japan, South Korea and Southeast Asia. For details, please refer to "Future Plans and **[REDACTED]**". We aim to complete our overseas localization setup in the near future, creating a "local-for-local" service model through ongoing channel development, key account partnerships, and participation in industry exhibitions. We expect that this approach will help us build a globally integrated yet locally adapted brand presence.

Optimize supply chain and enhance internal operation efficiency

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

OUR PRODUCTS

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

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by key products and product series for the years indicated.

	Year ended December 31,											
	2023				2024				2025			
	Revenue	% of revenue	Gross profit	Gross profit margin	Revenue	% of revenue	Gross profit	Gross profit margin	Revenue	% of revenue	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Sale of products												
(i) Industrial robots												
– Six-axis												
– welding												
(1) RH Series	101,254	45.5	33,107	32.7	71,232	30.4	24,743	34.7	30,833	9.5	11,885	38.5
(2) PRO Series	–	–	–	–	13,258	5.7	3,696	27.9	59,189	18.3	18,729	31.6
(3) Nynhan Series	8,415	3.8	2,155	25.6	16,490	7.0	5,476	33.2	40,295	12.4	15,349	38.1
(4) Laser Welding Series	15,069	6.8	4,251	28.2	21,084	9.0	7,085	33.6	36,355	11.2	13,950	38.4
(5) Spot Welding Series	–	–	–	–	210	0.1	23	11.0	3,283	1.0	(6)	(0.2)
	124,738	56.1	39,513	31.7	122,274	52.2	41,023	33.6	169,955	52.4	59,907	35.2
– multifunctional												
(1) Light-load Series	69,068	31.1	18,055	26.1	71,069	30.4	21,620	30.4	67,793	20.9	19,728	29.1
(2) Heavy-load Series	3,083	1.3	315	10.2	4,756	2.0	541	11.4	10,796	3.3	664	6.2
(3) All-purpose Series	–	–	–	–	–	–	–	–	1,407	0.4	247	17.6
	72,151	32.4	18,370	25.5	75,825	32.4	22,161	29.2	79,996	24.6	20,639	25.8
– Four-axis												
(1) Four-axis Palletizing Robots	7,414	3.3	683	9.2	8,310	3.6	1,195	14.4	10,873	3.4	1,948	17.9
(2) SCARA Robots	1,922	0.9	427	22.2	2,287	1.0	559	24.4	3,135	1.0	654	20.9
	9,336	4.2	1,110	11.9	10,597	4.6	1,754	16.6	14,008	4.4	2,602	18.6
Sub-total	**206,225**	**92.7**	**58,993**	**28.6**	**208,696**	**89.2**	**64,938**	**31.1**	**263,959**	**81.4**	**83,148**	**31.5**
(ii) Collaborative robots	441	0.2	112	25.4	6,229	2.7	1,698	27.3	24,333	7.5	8,421	34.6
(iii) Embodied intelligent robots	8,255	3.7	3,112	37.7	9,881	4.2	5,041	51.0	24,141	7.4	10,077	41.7
(iv) Other products	6,618	3.0	2,737	41.4	8,518	3.6	3,225	37.9	10,907	3.4	3,920	35.9
Sub-total	**221,539**	**99.6**	**64,954**	**29.3**	**233,324**	**99.7**	**74,902**	**32.1**	**323,340**	**99.7**	**105,566**	**32.6**
Write-down/(reversal of write-down) of inventories	N/A	N/A	(5,043)	N/A	N/A	N/A	(3,855)	N/A	N/A	N/A	1,180	N/A
After-sales services	826	0.4	308	37.3	715	0.3	171	23.9	888	0.3	120	13.5
Total	**222,365**	**100.0**	**60,219**	**27.1**	**234,039**	**100.0**	**71,218**	**30.4**	**324,228**	**100.0**	**106,866**	**33.0**

The table below sets forth the sales volume and average selling prices (the "**ASP**") by offering type as well as key products and product series for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume Unit	*ASP[1] RMB'000/unit*	*Sales volume Unit*	*ASP[1] RMB'000/unit*	*Sales volume Unit*	*ASP[1] RMB'000/unit*
Industrial robots						
– Six-axis welding						
(1) RH Series	1,492	68	1,077	66	461	67
(2) PRO Series	–	–	271	49	1,144	52
(3) Nynhan Series	130	65	241	68	556	72
(4) Laser Welding Series	271	56	383	55	685	53
(5) Spot Welding Series	–	–	1	211	22	149
	1,893	66	1,973	62	2,868	59
– Six-axis multifunctional						
(1) Light-load Series	1,220	57	1,308	54	1,486	46
(2) Heavy-load Series	25	123	40	119	115	94
(3) All-purpose Series	–	–	–	–	22	64
	1,245	58	1,348	56	1,623	49
– Four-axis						
(1) Four-axis Palletizing Robots	202	37	239	35	269	40
(2) SCARA Robots	78	25	92	25	142	22
	280	33	331	32	411	34
Sub-total	**3,418**	**60**	**3,652**	**57**	**4,902**	**54**
Collaborative robots	7	63	94	66	358	68
Embodied intelligent robots	72	115	91	109	300	80
Total	**3,497**		**3,837**		**5,560**	

Note:

(1) The average selling price is calculated by dividing total revenue excluding tax for a product type or series by the sales volume of that product type or series.

The table below sets forth a breakdown of our revenue generated from other products during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customized robots for specific industries, and components used in our robots						
(i). five-axis palletizing robots	1,283	19.4	1,446	17.0	156	1.4
(ii). three-axis PCB loading and unloading robots[1]	30	0.5	36	0.4	–	–
(iii). four-axis PCB loading robots[1]	–	–	–	–	–	–
(iv). six-axis PCB loading robots	403	6.1	947	11.1	473	4.3
(v). components used in our robots	1,380	20.9	1,420	16.7	2,389	22.0
Sub-total	**3,096**	**46.9**	**3,849**	**45.2**	**3,018**	**27.7**
Tailor-made robot control cabinets, and components used in our robot control cabinets						
(i). robot control cabinets	1,058	16.0	2,419	28.4	3,240	29.7
(ii). components used in our robot control cabinets	2,464	37.1	2,250	26.4	4,649	42.6
Sub-total	**3,522**	**53.1**	**4,669**	**54.8**	**7,889**	**72.3**
Total revenue from other products	**6,618**	**100.0**	**8,518**	**100.0**	**10,907**	**100.0**

Note:

(1) We determine which robots to customize based on industry-wide demand rather than individual downstream customer requirements, and accordingly, sales of our customized robots may be impacted by industry cyclicality.

We developed three-axis PCB loading and unloading robots and four-axis PCB loading robots for specific workstations in the PCB industry. No revenue was generated from the four-axis PCB loading robots during the Track Record Period, and no revenue was generated from the three-axis PCB loading and unloading robots in 2025, due to our strategic adjustment in the PCB industry, which limited the commercial application of these products.

For detailed analysis, please see "Financial Information – Year to Year Comparison of Results of Operations".

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by application industry sector of our customers for the years indicated.

	Year ended December 31,											
	2023				2024				2025			
	Revenue	% of revenue	Gross profit	Gross profit margin	Revenue	% of revenue	Gross profit	Gross profit margin	Revenue	% of revenue	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Metal and machining	170,571	76.7	50,469	29.6	180,193	77.0	59,093	32.8	240,787	74.3	82,716	34.4
Automotive and components	19,461	8.8	5,582	28.7	26,543	11.3	7,884	29.7	52,874	16.3	16,050	30.4
Electronics and new energy	18,241	8.2	5,142	28.2	19,334	8.3	5,634	29.1	16,927	5.2	3,304	19.5
Consumer goods and healthcare	14,092	6.3	4,069	28.9	7,969	3.4	2,462	30.9	13,640	4.2	3,616	26.5
Write-down/(reversal of write-down) of inventories	N/A	N/A	(5,043)	N/A	N/A	N/A	(3,855)	N/A	N/A	N/A	1,180	N/A
Total	**222,365**	**100.0**	**60,219**	**27.1**	**234,039**	**100.0**	**71,218**	**30.4**	**324,228**	**100.0**	**106,866**	**33.0**

Industrial Robots

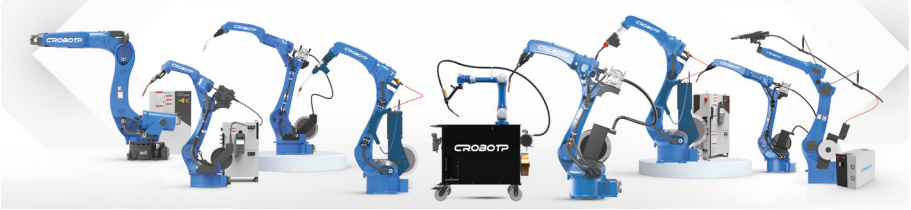
We have categorized our industrial robots into six-axis industrial robots and four-axis industrial robots in terms of structure, and further subcategorized them into various series or models in terms of functionality.

Six-axis industrial robots

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

Six-axis welding industrial robots

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



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

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

Below table sets out the key product series of our six-axis welding industrial robots, including their features and applications.

	Key Product Series of Six-axis Welding Industrial Robots				
	RH Series	**PRO Series**	**Nynhan Series**	**Laser Welding Series**	**Spot Welding Series**
Arm Span	1,400 mm to 2,000 mm	1,400 mm to 2,000 mm	1,400 mm to 2,000 mm	1,500 mm to 2,000 mm	2,600 mm
Payload Capacity	6 kg to 20 kg	6 kg to 10 kg	6 kg	12 kg to 20 kg	210 kg
Typical application Processes	Gas shielded welding	Gas shielded welding	Gas shielded welding	Laser welding, laser cutting	Spot welding
Compatible External Axes	Six axes	Two axes	Six axes	Four axes	Four axes
Key Functions	Arc welding, weaving, seam finding, arc tracking, multi-layer multi-pass welding, medium-thick plate expert database	Arc welding, weaving	Arc welding, weaving, seam finding, arc tracking, multi-layer and multi-pass welding, medium-thick plate expert database	Laser process package	Spot welding process package
Suitable Welding Materials/Thickness	Thin/medium-thick plate welding, aluminum welding, flame cutting, plasma welding	Thin plate welding	Thin/medium-thick plate welding, aluminum welding	Medium-thin plate welding, cutting	Spot welding
Technical Features and Advantage	Hollow wrist design for cable routing, preventing tangling	Hollow wrist design for cable routing, preventing tangling	Hollow wrist design for cable routing, preventing tangling	Direct laser and head control, high usability	Hollow wrist design for cable routing, preventing tangling
Programming Speed	Medium	Medium	High	High	High
Accuracy	Medium	Medium	Medium	High	Medium
Speed	Medium	Medium	High	Medium	High
Key Models	CRP-RH14-10-W	CRP-RH14-10-W (PRO)	RH14-06-W (Nynhan)	CRP-RA15-12-J	CRP-RH26-210-W
	CRP-RH18-20-W	CRP-RH20-06-W (PRO)	RH18-06-W (Nynhan)	CRP-RA18-20-J	
	CRP-RH20-06-W		RH21-06-W (Nynhan)	CRP-RA20-12-J	
Market Positioning	Full-featured product	Economical product	High-end application product	Full-featured product	Full-featured product

Six-axis multifunctional industrial robots

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

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

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

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

Our multifunctional robots differ from welding robots and customized robots in that they are equipped with a variety of process and function packages, and are compatible with a wide range of equipment of ours and of third-parties. Unlike welding robots, which are purpose-built for welding applications only, and customized robots, which are tailored for specific industries, our multifunctional robots are capable of performing multiple tasks across diverse applications, such as material handling, loading and unloading, adhesive dispensing, assembly, without requiring significant reconfiguration or setup changes.

Our flagship six-axis multifunctional robot series and models primarily include the light-load series, heavy-load series, and all-purpose series. Below table sets out these series of our six-axis multifunctional industrial robots, including their features and applications.

	Light-load Series	Heavy-load Series[1]	All-purpose Series
Arm Span	700 mm to 3,200 mm	2,600 mm to 3,200 mm	1,500 mm to 1,800 mm
Payload Capacity	1 kg to 100 kg	150 kg to 360 kg	15 kg to 35 kg
Typical application Processes	Material handling, loading/ unloading, gluing, assembly, palletizing	Material handling, gluing, grinding, palletizing, spot welding, assembly, sheet metal hemming	Grinding, metal cutting, laser cutting, etc.
Compatible External Axes	Six axes	Six axes	Six axes
Key Functions	Visual recognition, conveyor belt tracking, input/output expansion, communication protocol expansion, and palletizing	Visual recognition, conveyor belt tracking, input/output expansion, communication protocol expansion, palletizing, and grinding	Visual recognition, trajectory tracking, and grinding
Technical Features and Advantage	– Lightweight design – Suitable for use in complex industrial environments – Integrates smooth motion control and collision detection for safe human-robot collaboration – Offers longer reach and a larger working range under the same payload. – Minimizes cable interference, allowing more flexible positioning and higher operational accuracy	– Longer reach under the same payload – Features a gas spring structure and built-in motors, resulting in a smaller footprint – Requires less installation space and enables multi-robot collaboration and narrow production line layout – Offers flexible posture adaptation; built-in arm motors enable operation in confined or complex spaces	– Hypoid gear design increases overall rigidity by approximately 70%. – High overload capacity allows the robot to handle temporary load fluctuations
Programming Speed	Medium	Medium	High
Accuracy	Medium	Medium	High
Working Speed	High	Medium	High
Key Models	CRP-RA09A-07 CRP-RA12-10	CRP-RA28-360	CRP-RH15-15-HP CRP-RH18-25-HP CRP-RH18-35-HP

Note:

(1) Both our Spot Welding Series (under category of our six-axis welding industrial robots) and Heavy-load Series have spot welding functions, as such functions are realized through the respective accessories that are equipped to them, while we determine the categories of products by their main body.

Four-axis industrial robots

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

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

Supported by advanced algorithms and control strategies, our four-axis industrial robots are designed with a focus on operational speed and cycle time efficiency. This enables our products to meet the efficiency demands of production lines.

Below table sets out the details including key features and applications of four-axis palletizing robots and SCARA robots.

	Four-axis Palletizing Robots	**SCARA Robots**
Arm Span	1,500 mm to 3,200 mm	400 mm to 1,200 mm
Payload Capacity	15 kg to 180 kg	3 kg to 60 kg
Typical application Scenarios	Handling and palletizing	Handling, picking, assembly and gluing
Compatible External Axes	Two axes	Two axes
Key Functions	Visual recognition, trajectory tracking, palletizing	Visual recognition, trajectory tracking, pick-and-place/assembly
Technical Features	Palletizing configuration robot	Horizontal articulated structure as main architecture; compact design allows them to work in tighter spaces
Programming Speed	Medium	Medium
Accuracy	Medium	High
Speed	High	High

Collaborative Robots

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

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

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

Our collaborative robots are ideal for tasks requiring high flexibility and ease of programming, particularly in small-scale or customized production runs. The main advantage of our products is their ability to quickly adjust to different tasks and easily integrate into production lines with minimal setup time. Our collaborative robot supports drag teaching (hand-guiding). Its lightweight body makes it easy to move, making it suitable for human-robot collaborative operations. For example, in medium-to-thick plate welding scenarios involving small batches, multiple varieties, and no fixture positioning, the robot can be manually carried or moved on a cart to quickly switch workstations. Workers can intuitively program the robot through drag teaching, lowering the barrier to use. It adapts to a wide range of long-tail industrial applications. It can also be used in consumer-facing scenarios that require direct human-robot contact, such as massage and milk tea preparation.

The following image illustrates our collaborative robots.

Embodied Intelligent Robots

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

Our series of embodied intelligent robots (具身智能機器人) includes (i) industrial embodied intelligent robot (工業具身智能機器人), comprising the Lingshuo Industrial Humanoid Robot (靈爍工業人型機器人), the Lingxun Industrial AI Composite Robot (靈迅工業AI複合機器人) and the Industrial intelligent robot (工業智能機器人); and (ii) the LH Series. These robots are classed under embodied intelligent robots because they possess a physical entity (a 'body') that interacts with the environment in real time via multimodal perception, autonomously decides and performs physical actions, and continuously learns and evolves through sustained interaction. Our LH Series consists of three models and falls under the category of embodied intelligent robots, integrating a lightweight process model and a servo-driven push-pull wire feeding mechanism, which enables real-time multimodal detection of welding parameters including current, voltage, and short-circuit transition signals. During operation, the system collects operational data in a closed loop to perform local optimization of welding process parameters. Aggregated welding data can also be used to further train and update the lightweight process model, supporting continuous improvement of performance over time. Our embodied intelligent robots are designed to meet the demands of next-generation intelligent manufacturing.

	Industrial embodied intelligent robot (工業具身智能機器人)			**LH (冷焊) Series**
	Lingshuo Industrial Humanoid Robot (靈爍工業人型機器人)	**Lingxun Industrial AI Composite Robot (靈迅工業AI複合機器人)**	**Industrial intelligent robot (工業智能機器人)**	
Arm span	1,890 mm (single-arm)	900 mm to 1,800 mm	1,400 mm to 2,000 mm	1,400 mm to 2,000 mm
Payload capacity	3kg (single-arm)	3kg (single-arm)	6kg to 20kg	6kg to 20kg
Key features	(i). humanoid design (ii). powered with a "brain" capable of 275 Tera Operations Per Second ("**TOPS**") computing power for real-time decision-making and control (iii). wheeled mobile base design (iv). industrial-grade high precision performance	(i). Adopts a multicomponent architecture combining an Automated Guided Vehicle ("**AGV**"), a collaborative robotic arm, an end effector, wrist vision, and global vision systems (ii). multi-agent collaborative capability (iii). AI Visual Recognition (iv). intelligent decision-making and execution, equipped with a Vision-Language-Action ("**VLA**") model, which are neither procured from third parties nor self-developed by us(1). We customize such models through training on our application scenarios.	(i). integrates the robot body, high-precision sensors (such as 3D vision and torque feedback), external execution equipment, and intelligent control systems	(i). specializes in the cold arc transition welding technology, which reduces the overall heat input and provides welding solutions (ii). reduces spatter and improves weld quality by controlling the arc more precisely than products equipped with traditional welding techniques

	Industrial embodied intelligent robot (工業具身智能機器人)			LH (冷焊) Series
	Lingshuo Industrial Humanoid Robot (靈爍工業人型機器人)	Lingxun Industrial AI Composite Robot (靈迅工業AI複合機器人)	Industrial intelligent robot (工業智能機器人)	
Capabilities and tasks performed	Independently or collaboratively perform precision tasks such as handling, sorting, assembly, grinding, and quality inspection, while also undertaking management duties including equipment inspection and production line coordination, replacing human labor in harsh environments such as high temperatures and high dust conditions.	Primarily suited for high-frequency, repetitive workstation scenarios such as precision welding processing, incoming material sorting, and fixture loading/ unloading.	Mainly used for work tasks where incoming materials are non-standard, positioning is inaccurate, and trajectories are uncertain.	Mainly used for welding tasks that require high speed, high precision, and involve non-ferrous metals

Note:

(1) Such VLA model uses publicly available open-source foundation models as its base; and we do not directly purchase third-party finished model services. However, since the core foundation comes from the open-source community and was not fully trained and built from scratch by us, it does not fall under our wholly proprietary R&D. Our team's efforts are limited to specialized algorithm optimization, dataset adaptation, and engineering deployment research for robot vision-language-action manipulation scenarios, all layered on top of this open-source foundation.

Our series of embodied intelligent robots are designed to meet the demands of next-generation intelligent manufacturing. These robots integrate environmental perception, autonomous decision-making, and precise execution, enabling them to comprehend tasks, adapt to changing environments, and collaborate with existing industrial equipment. They have a wide range of application scenarios, including assembly, material handling, precision machining, quality inspection, grinding, and equipment maintenance, particularly in harsh environments unsuited for prolonged human presence, such as those with high temperatures, intense arc light, or high dust levels. By effectively replacing manual labor, our series of embodied intelligent robots enhance production flexibility and operational safety. Our LH Series is primarily applied in high-precision welding scenarios. They are classed under embodied intelligent robots because the robot body and welding system integrate multi-modal sensing signals generated during the welding process, such as current, voltage, wire feed speed, arc characteristics, dynamic behavior of the molten pool, as well as stick-out length and position, to enable real-time perception of such process. It dynamically adjusts the actuators at a frequency of several hundred times per second, achieving a "perception-decision-execution-feedback" closed loop.

Lingshuo Industrial Humanoid Robot

Lingxun Industrial AI Composite Robot

Major Downstream Industries and Market Opportunity

Our industrial robotic products are deployed across sectors including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. Within these sectors, our robots cover most scenarios including welding, grinding, handling, cutting, gluing, and more. Our embodied intelligent robots also address specific application scenarios, for example, intelligent welding for power transmission towers, intelligent photovoltaic panel paving, intelligent grain sampling, intelligent board handling for woodworking, and intelligent airport luggage handling.

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

Selected example of downstream industry – metal and machining

As advised by Frost & Sullivan, our products are suitable for a wide range of industrial application scenarios.

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

According to Frost & Sullivan, the metal and machining sector has maintained continuous growth, expanding from RMB4.3 billion in 2021 to RMB5.5 billion in 2025, reflecting a CAGR of 6.3%. Growth is supported by manufacturers seeking to enhance precision and efficiency through robotic welding, cutting, and machining to address rising labor costs and skilled worker shortages. This sector is projected to reach RMB11.1 billion by 2030, with a CAGR of 15.1% from 2026, as industrial upgrades and demand for high-quality manufacturing continue to drive adoption.

Selected example of downstream industry – automotive and components

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

According to Frost & Sullivan, automotive and components remained the largest sector in industrial robotics market, fueled by China's leadership in electric vehicle production and automotive assembly automation. Its market size grew from RMB16.3 billion in 2021 to RMB23.2 billion in 2025 with a CAGR of 9.3%, and is projected to reach RMB48.3 billion by 2030 with a CAGR of 15.8%, driven by electric vehicle battery assembly and lightweight component handling.

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

Selected example of downstream industry – electronics

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

According to Frost & Sullivan, consumer electronics demonstrated steady growth, with market size expanding from RMB8.5 billion in 2021 to RMB10.0 billion in 2025 with a CAGR of 4.0%, supported by demand for smartphones, wearables, and the development of automated assembly. This sector is forecasted to grow to RMB17.8 billion by 2030 with a CAGR of 12.3%, driven by 5G adoption and miniaturization trends of components.

The need for higher efficiency, precision, and automation is driving the adoption of robotic products in the electronics industry. As demand for electronic devices continues to grow, particularly in emerging markets, the application of welding and multifunctional robots are expected to ensure consistent product quality and faster production times.

COMMERCIALIZATION

During the Track Record Period, we specialized in the design, development, and manufacturing of (i) industrial robots, primarily including six-axis industrial robots and four-axis industrial robots, and expanded into a full series of (ii) collaborative robots and (iii) embodied intelligent robots. We have adopted a transaction-based model for the sales of our robotics products. To a lesser extent, we also offer other robotic products including (a) customized robots for specific industries, and components used in our robots which mainly included robot structural parts and robot motion modules, and (b) tailor-made robot control cabinets, and components used in our robot control cabinets which mainly included electrical expansion components and electrical-related accessories.

The table below sets out a summary of how our robot portfolio falls within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist Technology Product	Relevant Specialist Technology Industry Sector	Major Function Analysis	Major Customer and Customer Demand Driver
All of our robotic products sold during the Track Record Period as mentioned above.	Robotics and automation (robot technology)	Our revenue model is primarily based on product sales of individual robots as well as after-sales services. The sales of robotic products are conducted through a combination of direct sales to system integrators and end customers, and, to a lesser extent, distributors who purchase our products for resale. For more information, please refer to "– Sales, Marketing and Customers – Sales Models" below. Leveraging our full-stack R&D capabilities and proprietary technologies, our robots meet the high standards of precision, reliability, and flexibility required by modern manufacturing systems. For further details, please refer to "– Our Products" above.	Our customer base spans across various industries, including metal and machining, automotive and components, electronics, new energy, consumer goods and healthcare. The demand for our robotic products is driven by several key factors, including increased automation, and the need for high-precision manufacturing. For further details of industry background of our major customers during the Track Record Period, please refer to "– Sales, Marketing and Customers – Our Customers" below. As industrial businesses strive for greater efficiency and quality, robotics technology plays a crucial role in optimizing production lines and improving operational flexibility. For further details of our products as well as their major applications in downstream sectors and corresponding market opportunities, please refer to "– Our Products" above and "– Overview – Our Fully Self-developed Product Matrix and Comprehensive Application Scenarios" above. During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC. Additionally, the global push for automation in manufacturing and the growing emphasis on smart factories contribute to the expanding market for industrial robots. Our company is well-positioned to capture this demand through our innovative products and long-term customer relationships. We will intensify marketing to systematically develop sales and service networks in China, while building a global presence through local teams in key overseas markets. For further details about our market expansion strategies, please refer to "– Overview – Our Market Presence", "– Growth Strategies – Expand our influence among current and future customers, both domestically and internationally" and "Future Plans and **[REDACTED]**".

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that each of our robotic products sold during the Track Record Period as mentioned above falls within the acceptable "robotics and automation" sector of a Specialist Technology Industry pursuant to paragraph 2 of Chapter 2.5 of the Guide. This is mainly based on that: (i) all the aforementioned products integrate core robotic technologies, including motion control, path planning, and sensing with multiple sensors, which are the key technical characteristics of robotics and automation products; (ii) these products are specifically designed for industrial automation scenarios, aiming to replace or assist human labor in completing production operations, which is consistent with the definition of the "robotics and automation" sector specified in paragraph 2 of Chapter 2.5 of the Guide.

Further Analysis about Our Other Robotic Products

During the Track Record Period, our revenue from the sale of products was derived from the following categories of robotic products: (i) industrial robots (comprising six-axis and four-axis), (ii) collaborative robots, (iii) embodied intelligent robots, and (iv) other products, which represented (a) customized robots for specific industries, and components used in our robots which mainly included robot structural parts and robot motion modules, and (b) tailor-made robot control cabinets, and components used in our robot control cabinets which mainly included electrical expansion components and electrical-related accessories. For detailed revenue breakdown, please refer to "– Our Products" above.

Our customized robots for specific industries included five-axis palletizing robots (五軸碼垛機器人), three-axis PCB loading and unloading robots (三軸PCB放板機器人), four-axis PCB loading robots (四軸PCB放板機器人), and six-axis PCB loading robots (六軸PCB放板機器人). We do not include these robots in our "industrial robots" category because our industrial robots cover standardized, well-established series primarily for a wide range of automation, while these robots were primarily designed as customized products for specific application scenarios. Their mechanical structure and functional focus also differ from those of our standardized six-axis and four-axis industrial robots. Our components for external sales that are used in our robots mainly included robot structural parts and robot motion modules.

Our industry consultant, Frost & Sullivan, is of the view that all of our customized robots for specific industries and components used in our robots fall within an acceptable sector of a Specialist Technology Industry under Chapter 2.5 of the Guide, as the Guide explicitly enumerates "Advanced Hardware and Software" as a core acceptable sector, which specifically includes "robotics and automation". Our business for customized robots involves the research and development, commercialization, and sales of robots, directly aligning with this designated sector. Our components are fundamental to enabling advanced robotics and automation systems, directly aligning with this designated sector.

Our robot control cabinet is the central unit in the robotics and automation systems, handling motion planning, processing sensor data, and motor control. It contains our in-house developed components mainly including electrical expansion components and electrical-related accessories. For industrial use, it also includes Input/Output interface modules (the "**I/O modules**") for connecting external equipment, and safety units with emergency stop and door detection features for human-robot collaboration.

Our industry consultant, Frost & Sullivan, is of the view that all of our robot control cabinet products fall within an acceptable sector of a Specialist Technology Industry under Chapter 2.5 of the Guide, as the Guide explicitly enumerates "Advanced Hardware and Software" as a core acceptable sector, which specifically includes "robotics and automation". Our robot control cabinet products are the central unit in the robotics and automation systems, directly aligning with this designated sector. Our components are fundamental to enabling advanced robotics and automation systems, directly aligning with this designated sector.

OUR CORE TECHNOLOGIES

Scalable Robotic Control Software from Underlying Layer to Cloud

We have launched a robot operating system tailored to China's industrial scenarios, which integrates process libraries. Our process libraries are self-developed, comprising standardized process knowledge and parameter packages for industrial applications such as welding, cutting, and polishing. They package expert experience, equipment parameters, and quality control rules into reusable modules, enabling users to perform processes consistently without requiring deep professional expertise. This approach shortens project implementation time and helps maintain consistent quality in mass production. The libraries are developed through our R&D process, from application scenario analysis to on-site validation, and are compatible with our in-house hardware and motion control algorithms. Combined with our parameter scenario-adaptive algorithms, our products achieve "plug-and-play" functionality across multiple industrial settings. According to Frost & Sullivan, our robotic control software is recognized for its strengths in process adaptability and user-friendliness.

Built around our core operating system, our software provides full-chain coverage from hardware to OS to application to cloud, enabling us to offer one-stop services without relying on third-party systems. Additionally, our system's modular, multi-language, and extensible architecture ensures high scalability, enabling our robots to seamlessly adapt to multiple industrial environments. Furthermore, our system supports comprehensive applications, enabling online or offline programming, operation free of venue restrictions, and covering the full cycle from R&D to production and operations.

Core Technologies that Improve Performance in Positioning Accuracy, Path Accuracy, and Cycle Time

We hold significant advantages in the three key dimensions used to evaluate industrial robot performance.

Positioning accuracy

We achieve full-chain high-precision control. For each robot model, we build customized models. Through kinematic algorithms, we implement full-scenario adaptive compensation to handle varying loads and installation conditions, significantly outperforming traditional single-parameter compensation methods.

We developed a "20-point multidimensional spatial mapping algorithm" and a high-precision calibration system, which has enhanced absolute positioning accuracy by 5 to 10 times to 0.1 mm level. Our LH and RH series have achieved trajectory reproduction errors no more than 0.05 mm.

Path accuracy

We ensure stable path reproduction under complex conditions and meet high-precision demands. For low-speed applications affected by friction and environmental interference, such as laser cladding, we have established a speed-friction correlation model and harmonic injection. This model reduces trajectory deviation from ± 0.29 mm to ± 0.15 mm, enabling successful application in multiple laser cutting scenarios. Moreover, to enhance trajectory optimization, we have developed an integrated control-drive electronic unit. It adjusts trajectories in real time, making it well-suited for processes such as laser cutting and precision welding.

Cycle time

We strike a balance between high speed and stability. By using adaptive algorithms, adaptive parameters, vibration suppression, and faster convergence, we have been able to improve positioning and efficiency of our products. Through system-level coordination and more than 20 innovations, we reduced cycle time by over 30% compared to our previous generation of robot series, while maintaining end-effector vibration amplitudes within 0.1 mm.

Advanced Hardware Control Architecture

Leveraging our strong independent R&D capabilities, we have developed an innovative centralized hardware control architecture for robotic products in China. Our system adopts a centralized layout that integrates the main controller and servo drives, providing an efficient foundation for motion control. Furthermore, we have developed integrated control technology that seamlessly combines robots, control systems, and welding machines into a unified unit. This integration enables more precise welding control and enhanced operational efficiency, allowing our robots to meet the demanding requirements of high-speed, high-precision, high-end welding applications.

A Full-chain Technology System of Welding Power Sources

We have developed a full-chain technology system for welding power sources, covering hardware structure, software collaboration, algorithm innovation, process breakthroughs, and product implementation. This synergetic approach enables us to achieve low spatter, improve welding efficiency, and enhance broad workpiece compatibility.

Our robotic welding systems are built upon a proprietary topology and control architecture that enables high-resolution waveform control. This supports stable welding of plates ranging from 0.4 mm to 3 mm and above while minimizing deviation. At the hardware level, specialized integrated circuits for arc sustaining and neck-shrink detection suppress spatter and ensure arc continuity, while optimized high-frequency transformers balance heat dissipation and insulation. Dedicated hardware designs prevent deformation, and a dust-proof construction enhances durability. Complementing this hardware, our software extracts and analyzes waveform features to quantify welding stability. Furthermore, our suite of algorithms focuses on automation and precision, namely, an automated wire-stick detection and recovery system, a waveform feature extraction algorithm for objective quality assessment, and a current adjustment algorithm that enables stable, low-spatter welding through real-time optimization.

Multi-scenario Welding Processes

We developed a series of welding processes covering diverse materials and thicknesses, from ultra-thin to thick plates.

(a) Cold Metal Transfer ("**CMT**"), which is suitable for carbon steel, stainless steel, copper, and aluminum alloys;

(b) Hybrid waveform process, which is combines short-circuit and pulsed arcs for high-speed "fish-scale" welds with enhanced aesthetics;

(c) Positive and negative connection low-spatter process, which is supports ultra-thin plate (0.35–0.6 mm) welding with low spatter and stable penetration;

(d) Long/short arc pulse process, which is suitable for carbon steel, aluminum, stainless steel; adjustable arc length for deeper penetration or reduced spatter.

Synergistic Optimization of Mechanical Performance in Stiffness, Lifespan, and Cost

- *Simulation predictions:* We utilize finite element analysis and rigid-flexible coupling models to evaluate the robotic arm's structural strength, stiffness, and modal characteristics during the design phase, shortening development cycles and reducing trial costs. Through co-simulation, we replicate motion and vibration states to precisely optimize dynamic parameters, ensuring a high-stiffness foundation. Thermal and vibration simulations for control cabinets and robot bodies help identify weak points for iterative refinement, preventing costly late-stage failures and supporting data-driven long-life insights.

- *Design innovations:* We adopt a high-rigidity structural design, including the use of a RV reducer with variable tooth thickness gears, which increases the single-joint rigidity by 70% and effectively enhances the rigidity limitations of traditional synchronous belt transmission.

- *Customized components:* We incorporate a range of tailored components to enhance performance and cost efficiency. For example, customized harmonic drives with enlarged inner bores lower customization costs for welding torches. Customized double-support RV reducers achieve 1.5 times increase in speed ratio while reducing unit costs.

By integrating simulation predictions, design innovations, and customized components, our products achieve a 70% increase in mechanical rigidity, a lifespan of up to 20 million cycles, and an 100,000 hours MTBF, meeting both extreme working conditions and mass-production demands.

Robotic Sensor Fusion and Intelligence

We have made key breakthroughs in three core technology areas of robotic sensor fusion and intelligence, namely, high-precision calibration, weld seam recognition and trajectory planning, and cross-scenario visual adaptation. These breakthroughs address core pain points of traditional robots in accuracy, stability, and adaptability. Our integrated technology system has been deployed across industries such as automotive components, steel structures, and grain processing, replacing imported robotic products and enabling intelligent production with high precision, efficiency, and adaptability:

(a) *high-precision calibration technology:* we have innovated high-precision calibration methods for robots and 3D cameras, using sub-pixel edge positioning technology to achieve a circle center positioning accuracy of 0.1 mm. We achieve calibration accuracy with angular error within 0.05 degree and positional error within 0.36 mm, over three times more accurate than our previous algorithms. Vision calibration technology incorporating digital model data achieves 98% accuracy in wheel hub type recognition and positioning errors within ± 0.2 mm; (b) *welding intelligence:* we have built a dual-mode perception system combining "laser vision + arc tracking" to monitor the welding process comprehensively. Using line laser point cloud imaging for 3D workpiece modeling, we address seam deviation caused by assembly errors and welding deformation. Our arc current data analysis algorithm measures groove gap in real time adjusts torch position, enabling automated multi-layer, multi-pass weld planning. This replaces

traditional teaching methods that some of our customers employ, reducing switching time by 80%. As for specialized scenarios such as power steel pipe towers and angle steel towers, simply entering workpiece parameters automatically calculates the positioner angle and welding path; (c) *cross-scenario visual application:* we have developed specialized processing modules to counter interference from reflection and noise, maintaining feature extraction accuracy above 95% under diverse working conditions. For instance, our system completes image capture and trajectory prediction in milliseconds, enabling coordinated grasping by multiple robots on production lines, with positioning errors within 1.0 mm. Our grain defect detection system uses dedicated visual recognition algorithms and builds classification models based on features of grains such as rice and wheat, enabling robots to achieve a fully automated feeding – inspection – discharge process, with a defect recognition rate of no less than 99.5%.

RESEARCH AND DEVELOPMENT

We have established an R&D framework that supports our strategic objectives in the industrial robotics sector. Our R&D efforts are focused on advancing key technologies in robot control systems, motion control, and mechanical transmission, with particular emphasis on creating industrial robots, collaborative robots, and embodied intelligent robots. We adopt a collaborative approach that integrates cross-disciplinary research to ensure our products maintain technologically advanced and competitive across various industrial applications. Through continuous technological innovation and in-house development, we aim to enhance the precision, reliability, and flexibility of our products to meet the diverse needs of modern manufacturing systems. During the Track Record Period, our research and development expenses amount to RMB36.0 million, RMB36.0 million and RMB48.9 million for the years ended December 31, 2023, 2024 and 2025, respectively, accounting for 16.2%, 15.4% and 15.1% of our total revenue for the same years, respectively.

We adhere to an in-house R&D strategy, under which the material R&D activities relating to the structure, control system, software development and algorithms of our robotic products are all conducted internally. During the Track Record Period, we from time to time entered into collaborations with external partners, including but not limited to hardware manufacturers, renowned universities and research institutions, for the development of our robotic components, preliminary technological research, and technical testing and verification. However, we have not outsourced any of these material R&D activities to third parties during the Track Record Period and up to the Latest Practicable Date. In addition, we have not in-licensed any material intellectual property rights.

Our R&D Process

Our R&D process follows a structured approach, from concept development to product launch, ensuring that all projects meet technical, quality, and timeline expectations.

Each project undergoes the following stages: (a) ***market and technical research:*** at this stage, we determine the objectives, rationale, and feasibility of the project. We start by understanding and recording customer needs and technological trends, and then arrange for internal discussion and review; (b) ***product definition and design:*** at this stage, the project manager will be responsible for establishing functional and technical requirements, formulating detailed design specifications to ensure alignment with business objectives and guiding subsequent development activities (including technical milestones and development timelines); (c) ***prototyping and testing:*** upon successful validation of the prototype, the project manager submits a pilot production request to the operations center. Upon approval, the project proceeds to the pilot production phase, where relevant personnel are responsible for carrying out the corresponding pilot production tasks; (d) ***commercialization:*** once pilot products are introduced into the market, the project enters the trial-use phase. During this stage, the technical services department is responsible for collecting trial-use reports to evaluate product performance and user feedback, thereby informing decisions for mass production and broader market delivery.

Each project usually takes six months to one and a half years, depending on its specific nature. While iterations of existing products may take six months, projects that are with entirely new products typically take longer. During each phase, various departments, including those focusing on mechanical, electrical, software, and algorithms, collaborate to ensure that the product meets all functional and performance standards. We have also adopted various project management tools such as "OpenProject" and "OA", allowing us to track the progress of each project in a timely and systematic manner.

Our R&D Team, Core Members and Historical Shift in R&D Focus to Industrial Robotic Products

As of the Latest Practicable Date, we have developed a R&D team comprising of 141 personnel, including experts specializing in robotics, electronics, software, mechanical engineering, scenario application, algorithm and craftsmanship.

We progressed from a supplier of robot controllers and electrical systems to an industrial robotic products manufacturer, and shifted our R&D focus from core components to complete industrial robotic products, prior to the Track Record Period:

(i). Up to 2017, our core business was the development of robot controllers and electrical systems. Success in this field provided us with a solid customer base in the robotics industry and, more importantly, core motion control algorithms, servo drive technology and robot kinematics, the essential "brain and nervous system" of a complete industrial robotic product. We also accumulated application expertise across robotic functions such as welding, handling, spraying and palletizing.

Our core R&D members during this period established the technical foundations described above through their collective efforts. They included: (a) Mr. Li Liangjun (our Chairman of the Board) and Mr. Deng Shihai (our senior management), with a focus on hardware development; (b) Mr. Xia Huisheng (our senior management), with a focus on structural design and technical services; (c) Mr. Zhu Lusheng (our executive Director) and Mr. Huang Guiliang (still a member of our R&D team), with a focus on controller software development; and (d) Ms. Gu Fei (our executive Director), one of the founders of our Company, who focused on robot control algorithms and calibration systems during this period. She developed our robot body calibration technology and kinematic and dynamic control models, which addressed the challenges of calibration difficulty and inconsistent trajectory accuracy in domestic robots. Her work on calibration methods supported the application of our welding robots in complex scenarios. All of these members have demonstrated strong stability, with no resignations up to the Latest Practicable Date.

(ii). From 2018 onwards, we transitioned into a complete robotic product provider. As our business expanded, our executive Directors and senior management, who were part of the aforementioned core R&D members, adjusted their roles in R&D: (a) Mr. Li and Mr. Deng transitioned from hands-on R&D activities to overall management in R&D; (b) Mr. Xia took charge of product planning and technical services; (c) Mr. Zhu remained a core R&D member and led our team to overcome various key industry challenges; and (d) Ms. Gu Fei led the development and establishment of our project management framework.

During this period, our core R&D members made significant contributions to the shift of our R&D focus from core components to complete industrial robotic products through their collective efforts. In addition to Mr. Zhu and Mr. Huang, the core R&D members also included: (a) Mr. Chen Hui, who joined our Group in 2017, with a focus on embedded systems and power electronics hardware design; (b) Mr. Xu Chunke, who joined our Group in 2017, with a focus on motor control algorithms and servo software development; (c) Mr. Long Yan, who joined our Group in 2019, with a focus on robot control system software and process library iteration; (d) Mr. Yang Jinqiao, who joined our Group in 2017, with a focus on robot control algorithm optimization; (e) Mr. Li Xiang (our non-executive Director), with a focus on robot body development; and (f) Mr. Wang Hongsen, who joined our Group in 2017, with a focus on robot body development. Their collaborative efforts led to the successful design of our robot body systems and integrated drive-control systems, and the successful launch and continuous development of our complete robotic products. All of these members have demonstrated strong stability, with no resignations up to the Latest Practicable Date.

The aforementioned core R&D members have developed their core technical expertise and industry experience mainly through their tenure with our Group:

Mr. Zhu, our executive Director, has led our team to overcome various key industry challenges. As one of the founders of our Company, he has long been engaged in R&D activities in industrial robotic industry and led the development of our first-generation robot controller software system. He possesses extensive experience in the development of motion control technology for industrial robots, functional process control technology (including spraying and welding), and R&D management. He led our team to build a multidisciplinary team focusing on controllers, servos, sensors and mechanics, and spearheaded the development of our welding robot series, which provided product support for our transition into a complete robotic product provider. Mr. Zhu also led the establishment of our standardized R&D framework. For further details of Mr. Zhu, please also refer to "Directors and Senior Management".

Mr. Chen Hui (陳輝), who obtained his master's degree in Control Theory and Control Engineering (控制理論與控制工程) from the University of Electronic Science and Technology of China in 2008 and also a Professor-level Senior Engineer (正高級工程師). He joined us in January 2017 and has been primarily engaged in the research and development of drive and control systems for industrial robots and collaborative robots. During his tenure, as the primary inventor, Mr. Chen has been granted one invention patent, two utility patents and four design patents, all of which were developed through team collaboration, primarily focusing on drive control components. In the event of Mr. Chen's departure, our Directors do not believe it would pose a material risk to our technological development as a result of the patents he holds, as core invention patents related to our R&D are owned by our Group.

In terms of R&D achievements, Mr. Chen has led the progress to successfully develop integrated drive and control system platforms for industrial robots as well as power component.

Mr. Xu Chunke (徐純科), who held a master's degree and holds the professional title of Senior Engineer and also a Professor-level Senior Engineer (高級工程師). He graduated from Shenyang University of Technology in 2010 with a major in Power Electronics and Electric Drive. He is currently responsible for the research and development of embedded software in our R&D team. He was responsible for improving the performance of servo controllers and optimizing robot motion trajectories, thereby enhancing the robot's control precision, motion cycle and operational efficiency. Mr. Xu has served as the project lead for several national and provincial research initiatives, collaborating with universities and industry partners to tackle cutting-edge robotics challenges. He also participates in joint talent development programs with universities.

Mr. Long Yan (龍燕), who joined us in 2019 and currently serves as the manager of our software development department, leading the overall architecture design and core development of our new-generation control system software platform. He leads our R&D team in building this platform successfully implemented it across our full product series, establishing it as the core control system for our new generation robotic products and enhancing our technological competitiveness and market position. He has led the development of multiple supporting software systems to enhance the performance of our intelligent industrial robots, such as a laser beam tracking system and robot offline programming software.

Mr. Yang Jinqiao (楊金橋), who obtained his master's degree in Control Engineering from Zhejiang University of Technology. He has approximately ten years of experience in the field of industrial robotics, specializing in robot motion control algorithms. He led the design of our motion control algorithms, covering controller function development, position accuracy compensation and simulation verification. He also led the development of robotic systems, including a positioning calibration system and a motion control system, and was responsible for kinematic and dynamic algorithms for various robot structures. As the primary inventor, Mr. Yang has led the development of seven patents, all of which are invention patents primarily focusing on specialized segments of robotics algorithms. In the event of Mr. Yang's departure, our Directors do not believe it would pose a material risk to our technological development as a result of the patents he holds, as core invention patents related to our R&D are owned by our Group.

During his tenure, Mr. Yang has led the development of key robotic systems such as the High-Accuracy Absolute Position Calibration System and the Advanced Motion Control System, and has been responsible for core algorithms including kinematics and dynamics for multiple robot structures.

Mr. Huang Guiliang (黃貴良), who joined our Group in 2013. From 2013 to 2022, he was primarily responsible for software function development and system architecture optimization for motion controllers. He participated in the development of our first-generation control system and led the development of several core control algorithms and industry-specific process libraries, which have been productized and commercially deployed. Since 2022, he has served as the project manager for our robot operating system, overseeing the full project lifecycle, including technical roadmap planning, core module development, cross-team coordination, and version delivery.

Mr. Li Xiang (李祥), who is our non-executive Director and joined our Group in 2017. He led the development of multiple series of welding robots, overcoming key technical challenges such as the design of four-axis and six-axis hollow structures. He also led the development of multiple series of fully digital welding power sources, achieving ultra-low spatter control that reduces welding spatter. He developed a cold arc process that further reduces heat input compared to conventional processes, enabling ultra-thin plate welding. His work on the expert database system also simplified the commissioning of welding parameters. Please also refer to "Directors and Senior Management" section in this document.

Mr. Wang Hongsen (王鴻森), who obtained a master's degree from Southwest Jiaotong University and joined our Group in 2017 and has been engaged in mechanical R&D design and project management. He led and participated in the design of our first-generation robot bodies across multiple categories, as well as various derivative models with different transmission mechanisms and customized configurations, including collaborative robot bodies, six-axis industrial robot bodies, four-axis palletizing robot bodies, and SCARA robot bodies, contributing to the establishment of a comprehensive robot body portfolio. He also developed our in-house standards for body R&D and design, process management and testing protocols, material coding systems and documentation, engineering drawing management systems and specifications, and quality management systems and acceptance criteria for purchased components.

We regard our R&D team, along with the technical innovations they deliver, as the driving force behind our long-term business growth and have consistently strived to offer them support, both in their professional work and across other aspects of their personal roles. We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in training programs to upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and feedback for us. We generally recruit candidates via, among others, online recruitment, internal referrals and employment agencies. With respect to our key R&D personnel, we primarily focus on their relevant technical expertise and industry experience, while also valuing other qualities such as self-motivation, growth potential, and teamwork capabilities.

The key terms of agreements with management and technical staff are set out below: (1) *no conflict:* during the employment, the employee shall not engage in any other job, whether full-time or part-time without our consent; (2) *ownership of intellectual property rights:* any work product created by employees during their employment as a result of performing their duties or primarily utilizing our materials and technological equipment, and business information, among other things, including trade secrets, shall belong to us. We have the right to use or transfer the aforementioned intellectual property. Employees shall actively provide all necessary information, materials, and research, and take all necessary actions to assist us in obtaining and exercising the relevant intellectual property rights; (3) *confidentiality:* employees shall undertake not to disclose or use any confidential information to any third party; and (4) *non-competition and non-solicitation:* we reserve the right to unilaterally impose a non-competition period of up to two years following the termination of employment, with appropriate compensation provided accordingly. During the term of employment and the non-competition period imposed by us, the employee shall not engage in any competitive behavior, and they shall not solicit or attempt to solicit our employees to leave their employment.

INTELLECTUAL PROPERTIES

We depend on our proprietary technologies and production know-how to maintain a competitive market position. We adopt a proactive approach to intellectual property protection, regularly applying for patents for commercially significant developments. Our portfolio of intellectual property covers core technologies used in our products, as well as various aspects of product design and manufacturing processes.

Our intellectual property portfolio includes a diverse range of assets designed to protect our proprietary technologies and innovations. These include: (1) **patents:** we hold a portfolio of invention patents and utility model patents covering key raw materials and components of our robotic products. Our patents primarily cover technologies related to robot control systems, servo drive systems, and mechanical transmission mechanisms used in our industrial robots; (2) **software copyrights:** we have developed and protected various software systems integral to our robots, including control software for motion management and AI-driven systems for robotic collaboration; and (3) **trademarks:** we have registered trademarks for our key products, and continue to expand our trademark portfolio globally, particularly in regions where we are actively selling or planning to enter.

We hold a portfolio of intellectual property rights primarily in PRC. As of the Latest Practicable Date, we had (i) 326 patents, including 71 invention patents, 127 utility model patents and 128 design patents; and (ii) 44 software copyrights in PRC. Additionally, we had 114 registered trademarks worldwide. Almost all of our material intellectual property rights are distributed across our robotic products, covering both hardware and software such as robot bodies, control technologies, servo drive technologies, process solutions, and end effectors. We independently develop and own all material intellectual property rights pertaining to structure, control, software development and algorithms for our robotic products. The following table demonstrates patents and software copyrights which we consider to be material to our robotic products:

Patents

Name of Patent	Patent Type	Jurisdiction	Authorization Date	Status
Training Method and Operational State Detection Method for Support Vector Data Description Model (支持向量數據描述模型的訓練方法及運行狀態檢測方法)	Invention	China	October 18, 2024	Valid
An Inverse Solution Method for a Seven-axis Robot and the Seven-axis Robot (一種七軸機器人逆解方法及七軸機器人)	Invention	China	December 19, 2023	Valid
Multi-Axis Motion Control Method for Industrial Robots (工業機器人的多軸運動控制方法)	Invention	China	April 1, 2015	Valid
Consistency Compensation Method for Robotic Manipulators (用於機器人機械臂的一致性補償方法)	Invention	China	October 29, 2021	Valid
A Method for Optimizing Joint Motion Trajectories Based on Robot Dynamics (一種基於機器人動力學的關節運動軌跡優化方法)	Invention	China	March 5, 2021	Valid
A Method for Detecting the Stability of Short-Circuit Transition Welding (一種短路過渡焊接的穩定性檢測方法)	Invention	China	May 9, 2023	Valid
Robot Joint Friction Compensation Adjustment Method, Robot Friction Compensation Method (機器人關節摩擦力補償調節方法、機器人摩擦力補償方法)	Invention	China	May 9, 2023	Valid
A Harmonic Drive for Industrial Robots (一種工業機器人用諧波減速器)	Utility model	China	December 27, 2019	Valid
An Integrated Drive-Control System (一種驅控結合一體式控制系統)	Utility model	China	December 3, 2019	Valid
A Dual-Encoder Collaborative Robot Joint (一種雙編碼器協作機器人關節)	Utility model	China	August 2, 2024	Valid
A Humanoid Robot Joint (一種人型機器人關節)	Utility model	China	August 2, 2024	Valid
Collaborative Robots with Torque Sensors (協作機器人用力矩傳感器)	Design	China	April 29, 2022	Valid
Robot Welding Torch Servo Wire Feeding Device (機器人用焊槍伺服送絲裝置)	Design	China	May 9, 2023	Valid

Software copyrights

Name of Software copyright	Version	Jurisdiction	Registration Date	Status
Welding Tracking Sensor System (焊接跟蹤傳感系統)	V1.0	China	January 15, 2018	Valid
Collaborative Robots System (協作機器人系統)	V1.0	China	November 14, 2018	Valid
3D Vision Robots System (3D視覺機器人系統)	V1.0	China	July 1, 2019	Valid
Welding Machine Power Software (焊機電源軟件)	V1.0	China	July 4, 2022	Valid
Crobotp Smart Cloud Operations Management System (卡諾普智慧雲運營管理系統)	V1.0	China	March 17, 2023	Valid
Industrial Robots Control System (工業機器人控制系統)	V3.0	China	November 21, 2024	Valid
Industrial Robots Servo System (工業機器人伺服系統)	V2.0	China	November 21, 2024	Valid

All intellectual property underpinning our technological developments has been created through internal innovation and R&D efforts. We have not acquired intellectual property from third parties, nor do we rely on third-party licensing arrangements for our core technologies. To maintain our core intellectual property barriers, we consistently apply for patents as part of our technology commercialization strategy. We have implemented

confidentiality agreements with employees to protect our intellectual property during the development phase. During the Track Record Period, we from time to time entered into collaborations with external partners, including but not limited to hardware manufacturers, renowned universities and research institutions, for the development of our robotic components, preliminary technological research, and technical testing and verification. Given the necessity to disclose certain information (such as our technical proposals, R&D data and product specifications) to our partners in the course of collaboration, we have entered into confidentiality agreements with our partners to protect our intellectual property rights.

Looking ahead, we plan to continue expanding our intellectual property portfolio to support our growth and technological leadership in the industrial robotics market. Apart from trademarks that we are currently pursuing, we plan to file more than 200 IP applications within the next three to five years, focusing strategically on invention and utility model patents. Our aim is to ensure that the number of invention and utility model patents is no less than 80% of the total number of applications in a specific year. For further details about our R&D strategies, please also refer to "– Growth Strategies" and "Future Plans and **[REDACTED]**".

As advised by our PRC Legal Advisers, pursuant to the Patent Law of the People's Republic of China (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions and efforts, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations.

We may rely, under certain circumstances, on trade secret and/or confidential information to protect aspects of our industrial robots. Confidential clauses and/or intellectual property ownership clauses are generally incorporated into our contracts with partners and employees. However, these agreements may not provide sufficient protection of our trade secret and/or confidential information. These agreements may also be breached, resulting in the misappropriation of our trade secret and/or confidential information, and we may not have an adequate remedy for any such breach. Despite any measures taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our proprietary products without our consent. As a result, we may be unable to sufficiently protect our trade secrets and proprietary information. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises as well as physical and electronic security of our information technology systems. See the paragraphs headed "Risk Factors – Risks Relating to the Research and Development and Intellectual Property Rights in Our Products" for a description of risks related to our intellectual property.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any legal claims or proceedings that may have an influence on our R&D for any of our key robotic products. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement of third parties' intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, no third party has infringed on our intellectual property rights of our robotic products.

OUR PRODUCTION

Our production capabilities primarily support the assembly, as well as the integration and testing of our robotic products. To keep up with the increasing demand for our products, we have also enhanced human-robot collaboration in certain stages of our production process. For example, robots assist in specific processes during the assembly stage, such as laser cleaning and screw fastening. This model ensures that we can scale production during periods of high demand while maintaining stringent quality standards across all our products.

Production Facilities

As of December 31, 2025, we operated one self-owned production site located in Chengdu, Sichuan Province, China, covering a total gross floor area of approximately 35,155.85 square meters. This facility is primarily used for the assembly, integration, and system-level testing of our robotic products. Our production facility is equipped with advanced tools and technologies designed for high-precision manufacturing, ensuring that all products meet our quality standards, and also serves as the primary site for industrial robot systems and robot electrical control systems used in our robotic products.

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

	Year ended December 31,		
	2023	2024	2025
Design capacity[1] *(units per period, rounded to hundreds)*	4,500	5,000	7,000
Production Volume[2] *(units, rounded to hundreds)*	3,500	3,800	5,900
Utilization rate[3] *(%)*	77.8	76.0	84.3

Notes:

(1) The designed capacity for each period is calculated based on the hourly capacity and the operating hours of relevant product lines for such period. During the Track Record Period, the operating hours are calculated by multiplying eight hours per day by the number of working days in the period (24 days per month), with each year approximately based on 288 working days per year. During the Track Record Period, the increase in our design capacity was primarily driven by improvements in production efficiency, which were achieved through production equipment upgrading, production process and workflow optimization. According to Frost & Sullivan, the daily operating capacity of eight working hours is in line with industry norms.

(2) The production volume refers to the actual output for the relevant period.

(3) Utilization rate is calculated by dividing the actual production volume by the designed production capacity for the relevant period.

Machinery and equipment

Our in-house production is supported by specialized equipment and production tools, which are used for tasks such as robot assembly, integration, testing, and quality control. These typically include: (a) automated assembly lines for assembling core robotic units; (b) precision testing equipment for evaluating robot performance, including motion accuracy and functionality; and (c) burn-in tests that simulates the actual working environment and operating condition of robots to verify their performance stability and reliability after long-term use in advance.

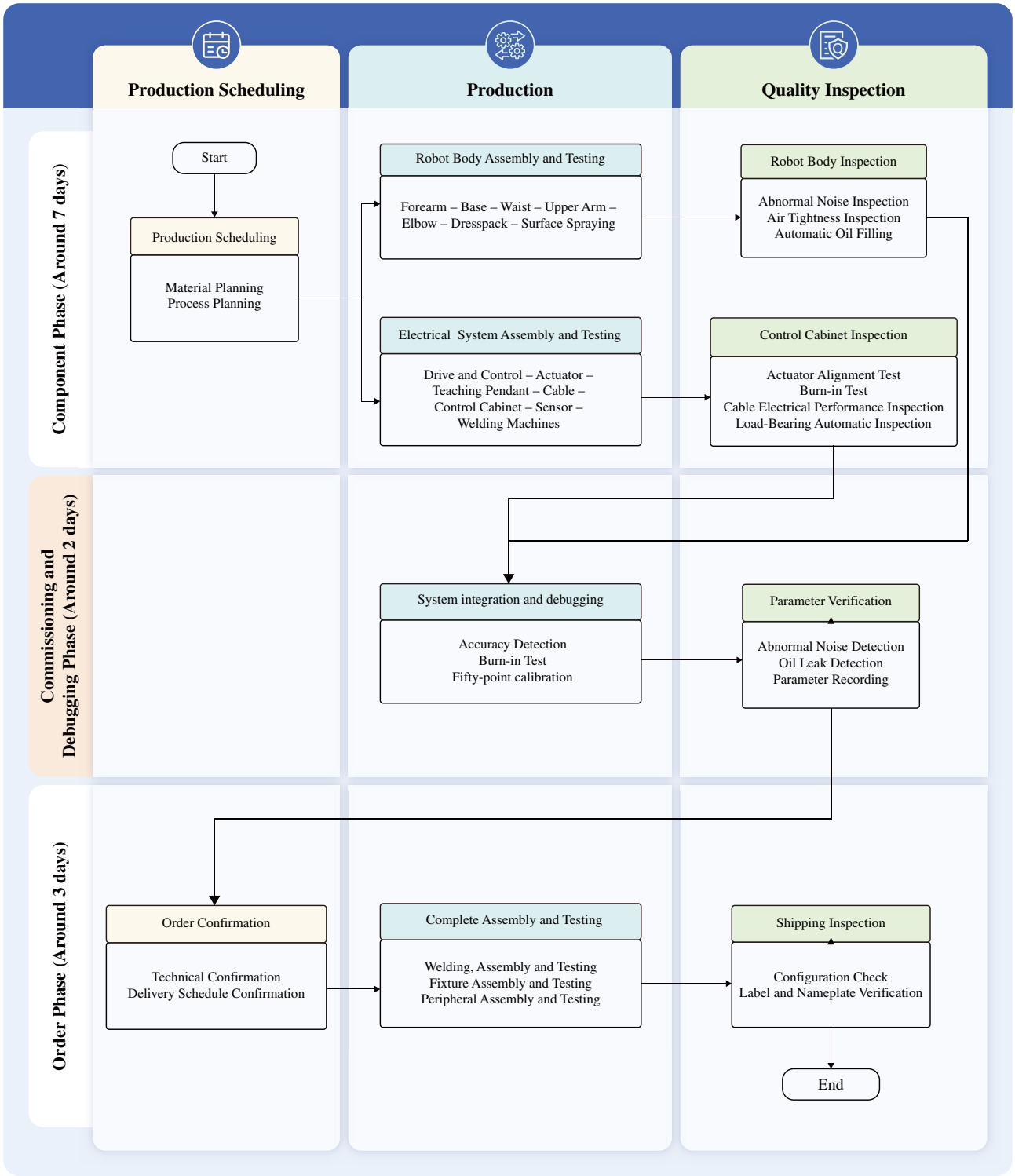
The table below sets forth key machinery and equipment used in our production process: (a) Automated Cable Testing Bench; which serves as the core testing hub for the "neural network" of robots, custom-designed for cable harnesses; (b) Fully Automated Painting Line; which realizes full-process automation of surface spraying. Equipped with spraying robotic arms, a constant temperature and humidity spraying chamber, and an eco-friendly coating supply system, it can automatically adjust the spraying path and dosage according to the contour of the specific machine in question; (c) Laser Cleaning Robot; which equipped with a high-power pulsed laser cleaning head, it performs non-contact removal of stubborn contaminants such as surface oil stains and rust; (d) Coordinate Measuring Machine ("**CMM**"); which serves as a key guardian of the dimensional accuracy of key raw materials and components. Custom-designed for 3D testing of materials and parts, it features a high-precision grating measurement system and multi-axis linkage probing technology to automatically and accurately scan and test parameters such as the hole diameter and tolerance of key raw materials and components (e.g., gears, bearings) with micron-level precision; and (e) Automatic Screw Fastening Machine; which A dedicated assembly solution integrating a high-precision visual positioning system, a torque control module, and an automatic feeding mechanism. It uses industrial robots to achieve precise screw picking, alignment, and fastening, with automatic adjustment of fastening torque to avoid under-tightening or over-tightening issues.

Maintenance

Our preventive maintenance includes regular mechanical inspection, calibration, and parts replacement as necessary. These preventive maintenances are usually conducted once per month or once per year, depending on the condition of the machinery or equipment in question. In addition to scheduled maintenance, we also conduct routine inspection to minimize unplanned downtime. All inspection records are tracked through our internal asset management system for traceability and early identification of performance issues. Our engineering and maintenance teams receive continuous training to ensure they are familiar with all critical task equipment. For certain advanced machinery, we may rely on supplier support contracts or third-party service providers to implement professional maintenance. Prior to acceptance, the suppliers of our production-related equipment provide training to our operators. In addition, our measuring and testing equipment undergo annual calibration to ensure its accuracy.

Production Process

Our production process involves the following stages



Throughout these stages, we maintain ISO-compliant quality control protocols to ensure that all products meet our internal standards and customer expectations.

Outsourced Production

Leveraging our full-stack, self-developed technologies and fully integrated production base, we complete the vast majority of our manufacturing through core in-house operations. Our fully integrated production base is supported by digital software and features a 3D factory layout optimized for our robotic manufacturing processes. This setup allows efficient assembly and testing of our robots while making the most of available space. The components we manufactured in-house mainly include robot bodies, robot controllers, robot control cabinets, teaching pendants, welding machines, and laser sensors. To further enhance efficiency, we selectively work with contract manufacturers for specific product categories. For the years ended December 31, 2023, 2024 and 2025, our outsourced production costs accounted for 2.4%, 2.3% and 2.4% of our cost of sales for the same years, respectively.

For the years ended December 31, 2023, we engaged in limited outsourced production arrangements to supplement our in-house capabilities for selected components. These arrangements primarily involved outsourced production for the processing of certain cast parts, where materials were procured from one supplier and processed by another under our coordination. Currently, we typically require suppliers to provide fully integrated solutions on a turnkey basis (包工包料).

As of December 31, 2025, there are two main product categories for our outsourced production: (i) PCBA boards and (ii) wire harnesses. PCBA boards require specialized production lines and technical expertise. Given the maturity of related technologies and our focus on cost efficiency, we have chosen to outsource this production to third-party specialists. We currently engage three PCBA suppliers. For wire harnesses, we retain in-house production for the core and technically demanding components, while outsourcing simpler segments to third-party manufacturers. We currently rely on one principal supplier, with several smaller vendors accounting for minimal procurement value.

We primarily collaborate with six contract manufacturers for PCBA boards and wire harnesses. All of them have obtained the relevant qualifications. They are located in industrial clusters such as Chengdu, Sichuan Province and Jiaxing, Zhejiang Province. These companies hold recognized certifications including ISO9001 and IATF16949, ensuring consistent quality standards across our production processes. Outsourced production arrangements enable us to optimize operational efficiency without affecting product quality or compromising technical confidentiality. All selected suppliers are subject to our quality control protocols. Outsourcing has not had a material impact on our operating costs, product reliability, or intellectual property protection.

To the best knowledge and belief of our Directors, after making all reasonable enquiries, throughout the Track Record Period and up to the Latest Practicable Date, none of our Directors or their close associates or any shareholder who owned more than 5% of our issued and outstanding share capital as of the Latest Practicable Date had any interest in any of the contract manufacturers we engaged during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, all of such contract manufacturers were Independent Third Parties.

Production Quality Control

We adhere to stringent quality management systems covering raw material sourcing, in-process inspections, final testing, and post-production audits, ensuring that our products comply with the safety standards and quality requirements of various industries.

We partner with reliable suppliers and maintain formal quality control protocols with them. These protocols safeguard our right to pursue remedies, including claims for damages and requirements for rectification, if their products fail to meet our quality standards. We adhere to stringent quality control standards throughout our production process. Finished products also undergo rigorous inspections and testings such as burn-in tests, which verify their performance stability and reliability after long-term use. Products must obtain certification from our product quality engineers before they are packaged and shipped to our customers.

Our contract manufacturers follow a strict supplier quality management system, including factory audits, ongoing performance evaluations, and compliance with our technical specifications. Performance evaluations are conducted on a monthly, semi-annual and annual basis, taking into account key performance indicators such as defect rates and on-time delivery performance. We also regularly perform on-site inspections and sample testing to validate components before they are used in final assembly.

SALES, MARKETING AND CUSTOMERS

During the Track Record Period, our products have been sold to customers located in 40 countries or regions outside the PRC. In addition, we derived revenue from customer located in Russia during the Track Record Period. For further information, please see "– Compliance with International Sanctions and Export Control Laws and Regulations". The following table sets forth a breakdown of our revenue by location of our customers for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
China (including Hong Kong and Taiwan)	180,219	81.0	209,436	89.5	287,458	88.7
Overseas	42,146	19.0	24,603	10.5	36,770	11.3
Total	**222,365**	**100.0**	**234,039**	**100.0**	**324,228**	**100.0**

Sales Models

We adopt a multi-channel sales model to cater to the varying needs of our diverse customer base. Our primary sales models are divided into the following key categories: (a) direct sales, including (i) direct sales to system integrators, who incorporate our robots into their complex, customized robotic solutions to end customers. System integrators play a key role in industries where our products are integrated into broader manufacturing systems; and (ii) direct sales to end customers, which is predominantly targeted at large enterprises. This model enables us to engage directly with clients, providing customized products and end-to-end support. This approach allows for deeper relationships with clients, particularly in industries such as automotive and components, electronics, and new energy; and (b) distribution: we work with distributors who help us expand our reach. These distributors are responsible for product sales within their territories, while also offering after-sales service and support.

The following table sets forth a breakdown of our revenue by sales channel for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Direct sales						
(i) Direct sales to system integrators	200,857	90.3	197,842	84.5	285,757	88.2
(ii) Direct sales to end customers	8,718	3.9	14,337	6.2	28,642	8.8
Sub-total	**209,575**	**94.2**	**212,179**	**90.7**	**314,399**	**97.0**
Distribution	12,790	5.8	21,860	9.3	9,829	3.0
Total revenue	**222,365**	**100.0**	**234,039**	**100.0**	**324,228**	**100.0**

For the years ended December 31, 2023, 2024 and 2025, the total number of our system integrator customers is 403, 459 and 534, respectively.

Direct sales to system integrators

Our system integrator model address complex and large-scale industrial applications, where our products are integrated into broader manufacturing systems. This model primarily targets application scenarios where the need for tailored robotic products is critical to ensure operational efficiency. System integrators are often the primary point of contact for end customers, offering complete robotic systems that are customized to meet specific operational requirements. Unlike distributors who simply resell our products, system integrators transform standardized robot units, such as the products they procured from us, into highly customized automation systems that end customers can deploy directly into production. Furthermore, system integrators often combine our robotic products with those sourced from other manufacturers to form their integrated, customized solutions or product portfolios for their clients.

System integrators play a key role in bridging the gap between our products and end users by providing end-to-end solutions, including robot installation, technical support, integration with existing systems, and maintenance. We collaborate closely with system integrators to ensure that the robotic systems are effectively incorporated into the client's production line and deliver maximum value.

According to Frost & Sullivan, a majority of sales to system integrators are an industry norm. System integrators are companies primarily engaged in the design, development, and manufacturing of customized automation solutions and corresponding equipment. They typically procure standard robots (including ours) and other standard components from robot manufacturers, and integrate them, along with their own custom-designed peripherals and software, into complete automated systems tailored to end-customer production lines. While system integrators engage in manufacturing activities, their manufacturing focus is on customized automation equipment and system integration, rather than the mass production of standardized robots. As such, based on our business model during the Track Record Period and up to the Latest Practicable Date, our Directors believe we do not directly compete with our system integrator customers.

Set forth below is a summary of typical key terms in our agreements with system integrators: (a) *payment:* payment terms for system integrators typically involve advance payment or progressive payments based on milestones achieved in the integration process. Final payment is usually made upon successful project completion and client acceptance; (b) *quality:* system integrator agreements typically include clauses that specify the

required product quality standards, adherence to industry certifications, and testing procedures to ensure that the integrated system meets the customer's operational needs; (c) *product return:* returns are generally only accepted in cases of product defects or failure to meet agreed-upon specifications. Returns for other reasons are not common in system integrator agreements; and (d) *termination:* the agreement may be terminated early if either party fails to meet contractual obligations, such as sales targets, performance milestones, or quality standards. Early termination clauses typically require a formal notice period and may include penalties or compensation depending on the circumstances.

Our sales to system integrators during the Track Record Period are generally not conducted on a project-by-project basis. Our system integrator customers procure our products to incorporate into the broader automation solutions they design and then tender for end-customers on their own. We typically do not participate in joint tenders with them. During the Track Record Period and up to the Latest Practicable Date, there have been no material product returns or terminations with our system integrator customers due to a breach of agreement.

Direct sales to end customers

Our direct sales to end customers model primarily focuses on the domestic market, particularly large enterprises that require tailored robotic products for complex industrial applications. The direct sales model enables us to engage closely with customers, providing customized service delivery, on-site technical support, and turnkey project execution. This approach allows for deeper relationships with clients, particularly in industries such as automotive and components, electronics, and new energy. The industries of our direct sales end customers mainly include metal and machining, automotive and components, electronics and new energy, as well as consumer goods and healthcare.

The following table sets forth key metrics of our direct sale customers (including both direct sales to system integrators and direct sales to end customers) for the years indicated.

	Year ended December 31,		
	2023	**2024**	**2025**
Total revenue *(RMB in thousands)*	209,575	212,179	314,399
Number of direct sale customers	619	644	777
Number of new direct sale customers[(1)]	351	352	462
Average direct sale customers value[(2)] *(RMB in thousands)*	339	329	405
Number of transactions with direct sale customers	2,551	2,606	3,188
Average transaction value of direct sale customers[(3)] *(RMB in thousands)*	82	81	99
Customer retention rate[(4)]	50.9%	47.2%	48.9%
Net dollar retention rate[(5)]	100.4%	100.3%	133.4%

Notes:

(1) Refers to customers who did not purchase products from us for the previous period.

(2) Calculated by dividing the revenue generated from direct sales in a given period by the number of direct sale customers who purchased our products in the same period.

(3) Calculated by dividing the revenue generated from direct sales in a given period by the number of transactions by our direct sale customers in the same period.

(4) Calculated by dividing the difference between the number of customers in the respective period and the number of new customers in the respective period by the number of customers in the immediately preceding period, multiplied by 100%.

(5) Calculated by dividing the revenue of a current period from customers of both current and previous periods by the revenue of the previous period of such customers, multiplied by 100.0%.

Set forth below is a summary of the typical key terms of our direct sales agreement: (1) *payment:* payments are typically structured as upfront payments or instalments, with terms agreed upon factors such as project size and customer preferences. Some agreements may include progressive payments tied to project milestones; (2) *quality:* quality clauses ensure that products meet ISO and industry-specific standards, with regular performance testing and final product inspections; (3) *product return:* products are generally non-returnable, except in cases of defective products or performance issues within the warranty period; (4) *product warranties:* we warrant that our products shall be free from defects in material and workmanship under normal use for a period of 12 months from the date of delivery; and (5) *termination:* either party may terminate the agreement if the other party fails to meet contractual obligations or performance targets. Early termination clauses are common in case of breaches of contract.

Distribution

Our distributors are mainly trading companies. We work with local distributors who (i) help us reach a broader audience; (ii) expand our market coverage in other less concentrated industrial clusters in the general industrial sector; or (iii) are designated by certain customers as their unified supplier for the purchase of our robotic products. Our distributors typically purchase products from us and then directly resell them without further processing or upgrading. We enter into a direct buyer and seller relationship and adopt a buyer-seller model with our distributors, whereby they assume ownership of our products upon delivery. Returns and/or exchanges are only permitted under limited circumstances, such as material quality defects. We recognize sales revenue from distributors when control over our products have been transferred to them.

Our distributors have the flexibility to determine their sales territory, and we do not grant exclusive rights, such as regional exclusivity rights, to any of our distributors. To the best knowledge of our Directors, our distributor customers during the Track Record Period did not exclusively distribute our robotic products. We work closely with distributors to ensure that they have the necessary resources, including technical training, marketing support, and product knowledge to sell and service our products effectively. Although distributors are typically not subject to specific sales targets, prescribed selling prices, or restrictions on appointing sub-distributors, they must comply with our review process to ensure that they are aligned with our brand and service standards. We typically enter into standard agreements with our distributors. However, depending on the country where a specific distributor is located, the terms could be different due to local laws and regulations.

The following table sets forth key metrics of our distributors for the years indicated.

	Year ended December 31,		
	2023	2024	2025
Total revenue *(RMB in thousands)*[1]	12,790	21,860	9,829
Number of distributors[2]	18	21	19
– Chinese mainland	14	16	18
– Overseas	4	5	1
Number of terminated distributors[2]	6	10	14
Number of new distributors[3]	11	13	12
Average distributor value[4] *(RMB in thousands)*	711	1,041	517
Number of transactions with distributors	82	75	53
Average transaction value of distributors[5] *(RMB in thousands)*	156	291	185
Customer retention rate[6]	53.8%	44.4%	33.3%
Net dollar retention rate[7]	127.3%	35.9%	44.1%

Notes:

(1) The increase in total revenue from distributors in 2024 was due to Customer A (one of our five largest customers in 2023, 2024 and 2025, respectively) starting to transact with us through its distributor entity instead of its system integrator entity. In 2024 and 2025, the revenue generated from such distributor entity of Customer A amounted to RMB17.3 million and RMB7.7 million, respectively. Our average transaction value per distributor is highly skewed by the significant contribution from Customer A. Excluding Customer A, the average transaction value per distributor was approximately RMB227,100 in 2024 and RMB119,889 in 2025, respectively. For details of Customer A, please refer to "– Sales, Marketing and Customers – Our Customers".

We do not anticipate concentration risks arising from Customer A, as we chose to cease transactions with it since September 30, 2025. For details, please refer to "– Compliance with International Sanctions and Export Control Laws and Regulations".

(2) Except for Customer A as disclosed above, the termination of our relationships with other distributors during each of the relevant years was primarily attributable to adjustments in their procurement activities arising from their own business operations. The decrease in average transaction value per distributor (excluding Customer A), which led to a corresponding decline in revenue contribution from these distributors, was also largely due to such adjustments. No disputes arose between us and these distributors with whom we ceased cooperation during the respective years.

(3) We have a limited number of distributor customers, and we maintain long-term friendly relationships with them. However, these distributors typically only initiated orders upon receiving requests from their end-customers, which does not necessarily recur every year. For the calculation of this table, the number of new distributors refers to customers who did not purchase products from us for the previous period, but did purchase for the current period. In addition, no purchase for the current period does not necessarily indicate a permanent termination of the business relationship, as these distributors may resume purchasing from us in future periods.

(4) Calculated by dividing the revenue generated from distributorship in a given period by the number of distributors who purchased our products in the same period.

(5) Calculated by dividing the revenue generated from distributorship in a given period by the number of transactions by the distributors in the same period.

(6) Calculated by dividing the difference between the number of distributors in the respective period and the number of new distributors in the respective period by the number of distributors in the immediately preceding period, multiplied by 100%.

(7) Calculated by dividing the revenue of a current period from distributors of both current and previous periods by the revenue of the previous period of such distributors, multiplied by 100.0%.

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

In addition to above, other major terms of our standard agreements with our distributors include: (1) *duration:* typically lasts for one year; (2) *payment:* in most cases, credit terms will be granted depending on the relationship and market conditions, typically ranging from 3 months to 12 months. In addition, we also require full prepayment for certain distributors who have not established long-term collaboration with us and have a relatively small purchase amount; (3) *delivery:* The method of delivery and the allocation of associated logistics costs shall be subject to mutual agreement between the parties; and (4) *termination:* agreements can be terminated early if the distributor breaches its obligations, such as deliberately lowering prices to disrupt the market. We reserve the right to terminate the agreement for material breach, including upon the discovery of any severe and willful market disruption through predatory pricing by a distributor.

Our standard agreements with domestic and overseas distributors contain substantially similar terms. Except for provisions that may vary to comply with applicable local laws and regulations, such as dispute resolution clauses, there are no material differences in the key terms across jurisdictions.

Distributor management

We conduct reviews of our distributors to ensure that their business practices are in line with our requirements and standards. In addition, we regularly communicate our market discipline expectations to distributors, which primarily include maintaining orderly market competition, avoiding improper competition for the same end customers, and refraining from practices that may disrupt market order. As a result, our distributor customers have developed a practice of proactively maintaining market order. When engaging with potential downstream customers, they typically check whether our products have already been sold to such end customers through our other system integrator or distributor customers, and will refrain from competing for such customers in such cases. To prevent cannibalization, a distributor's adherence to market discipline is also taken into account as part of our review process. Underperforming distributors will be subject to more restrictive support policies in the following year, for examples, adjustments to the payment term, downgrading of the credit tier, or revocation of relevant distribution qualifications.

Channel stuffing risk management

To reduce risks associated with channel stuffing under the distributorship model, we have implemented a strict set of controls and protocols, primarily including (i) adopting a strict product return policy where product returns are only permitted in cases of confirmed product defects; and (ii) not requiring our distributor customers to place orders in the absence of requests from their end-customers, instead allowing distributors to proactively place orders based on their assessment of market demand and internal capacity. Such arrangement fosters a more sustainable distribution practice that aligns inventory levels with actual demand. To the best knowledge of our Directors, our distributor customers during the Track Record Period typically only initiated orders upon receiving requests from their end-customers. According to Frost & Sullivan, the distribution model in the industrial robotics industry differs significantly from that of traditional industries, primarily due to the sector's nascent stage. Unlike conventional distributors, those for industrial robots typically operate reactively, initiating orders only upon receiving requests from end-customers. This is because industrial robots are characterized by durability and specialized applications, unlike mass-market consumer goods. Consequently, sales in this sector are typically order-driven transactions. In addition, we adopt a buyer-seller model with our distributors, whereby they assume ownership of our products upon delivery, and returns and/or exchanges are only permitted under limited circumstances, such as material quality defects. Based on the above, our Directors believe that, even though we do not monitor our distributors' inventory levels or the amount of unsold inventory at the end of each year/period during the Track Record Period, the risk of channel stuffing in our distribution channel is effectively mitigated.

Pricing Policy

Our pricing approach is designed to reflect the specific technological characteristics and value proposition of our products while maintaining competitiveness in both domestic and overseas markets. Our pricing considers factors such as (i) product development, (ii) production and customization costs, (iii) after-sales service commitments, (iv) reputation, creditworthiness, and operational scale of the customer, (v) specific technological characteristics, (vi) product competitiveness, (vii) average market price, and (viii) other market or specific client conditions. In addition, we continuously assess the competitive landscape with the aim of keeping our pricing remains aligned with industry standards while reflecting the value we deliver. Customer feedback also plays a key role in refining our pricing strategy, allowing us to adapt to evolving customer expectations and changing market conditions.

Our Marketing Efforts

We adopt a multi-channel marketing approach, leveraging both traditional marketing methods and digital platforms to reach a broad audience. Our efforts are focused on building brand awareness, engaging with key customer segments, and promoting our core products. Our marketing initiatives are strategically aligned with our sales objectives and regional expansion.

We form strategic partnerships with key players in the industrial robotics market to enhance our market visibility and expand our reach. These partnerships are complementary to our in-house R&D strategy. They do not involve outsourcing any material R&D work related to the structure, control system, software development and algorithms of our robotic products, nor do they involve sharing our material intellectual property rights.

We exhibit at global events and regional exhibitions focused on robotics, automation, and new energy technologies. For example, at the 2023 SCHWEISSEN & SCHNEIDEN in Germany, we successfully established partnerships with new system integrators in Italy and Slovenia.

During the Track Record Period, we attend tenders occasionally. The following table sets forth key information relating to our tendering activities for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
Number of tenders submitted	7	4	6
Number of tenders awarded	3	3	4
Success rate	42.9%	75.0%	66.7%
Backlog value[(1)] as of year end *(RMB'000)*	nil	1,983.3	385.7
Revenue contribution (absolute amount) *(RMB'000)*	717.0	78.9	4,132.1
Revenue contribution (as % of total revenue)	0.3%	0.03%	1.3%

Notes:

(1) Represents the value of sales orders under such tenders that have not yet been fulfilled by us as of the respective year end.

(2) Represents the products delivered by us to customers under such tenders during the respective year.

We delivered our robots and components used in our robots to customers under such tenders. During the Track Record Period, our sales volume for robots through tender was 10 units, 1 unit and 30 units, respectively.

Our tender customers during the Track Record Period mainly include automotive parts manufacturers, heavy equipment manufacturers, electric vehicle manufacturers and vocational schools. These customers issue tenders on their official websites or tender platforms in accordance with their internal procurement policies. We only participate in tenders where the scope covers our product offerings, and where we can meet the technical and commercial requirements.

The table below sets forth, as of the dates indicated, a breakdown of our order backlog value (representing the value of sales orders that have not yet been fulfilled by us).

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in millions)	
Sale of products			
(i) Industrial robots			
– Six-axis	13.3	18.4	27.0
– Four-axis	0.8	1.7	4.6
(ii) Collaborative robots	0.8	1.2	6.7
(iii) Embodied intelligent robots	0.8	0.6	10.7
(iv) Other products	0.6	0.5	1.8
Total	**16.3**	**22.4**	**50.8**

Marketing communication and brand building

Our brand-building efforts are centered on establishing our leadership in the industrial robotics market. To achieve this, we focus on several key strategies. We engage in public relations by collaborating with industry publications and media outlets to share our expertise and insights, product innovations, and case studies. Additionally, we contribute to industry reports and market analyses to further enhance our visibility. To promote product education and training, we offer training sessions, workshops, and webinars aimed at educating both potential customers and existing users on the benefits of robotic automation.

Third-Party Payment Arrangement

During the Track Record Period, certain of our customers (the "**Relevant Customer(s)**") settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (the "**Third-Party Payment Arrangements**"). In 2023, 2024 and 2025, the aggregate amount settled under the Third-Party Payment Arrangements amounted to RMB0.8 million, RMB0.3 million and RMB1.6 million, respectively, which accounted for 0.3%, 0.1% and 0.4% of our total revenue in 2023, 2024 and 2025, respectively. We have ceased accepting any third-party payment since September 2025.

Of the third-party payors involved during the Track Record Period: (i) one is a commercial bank from which the Relevant Customer obtained its banking facilities; and (ii) the remaining payors are duly registered companies. These arrangements arose because such payors share the same ultimate controller with the Relevant Customer, or their ultimate controllers are related by kinship, except for one Relevant Customer that adopted third-party payment arrangements due to restrictions imposed by the foreign government. This practice aligns with their internal financial management practices, enabling unified fund management and offering greater convenience, such as centralized fund administration across entities under common control or with similar affiliated relationships, and settlement arrangements facilitated by banking facilities. According to Frost & Sullivan, it is not uncommon for enterprises in the industrial robot industry to engage in third-party payment arrangements.

Where third-party payment arrangements are proposed under special circumstances, our business and legal departments conduct pre-contract reviews to assess the legitimacy of the third-party payor, its relationship with the relevant customer, and the reasonableness of the proposed payment arrangement. Such assessments are performed through multiple channels and platforms prior to contract execution. In addition, to safeguard us against risks associated with Third-Party Payment Arrangements, we have implemented a series of mitigation measures and enhanced internal control measures. We required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the involved third-party payors. In addition, in most cases, we required the Relevant Customers and the third-party payor to enter into a tri-party agreement with us (the "**tri-party agreement**") to reflect such arrangement. If such tri-party agreement is not available, we requested the Relevant Customers to provide us with a letter for the delegation of payment (the "**letter**").

As advised by our PRC Legal Advisor, the tri-party agreements entered into by the Relevant Customer, the relevant third-party payor, and us setting out a joint payment obligation will, once in force, constitute a valid and binding obligation on the relevant third-party payor if the applicable law of such tri-party agreements is the law of the PRC. Our PRC Legal Advisor has further confirmed that the Third-Party Payment Arrangement by itself does not contravene or circumvent the applicable laws and regulations in the PRC (including anti-money laundering laws) in all material aspects, provided that the receipt of payment was performed solely as the

settlement of sales of goods or services and not related to any criminal or illegal proceeds or gains. The Directors of our Company are of the view that: (i) no material issue relating to the genuineness, source of funding and legal implications of the underlying transactions was identified; (ii) the Third-Party Payment Arrangements did not involve money laundering activity; (iii) the Relevant Customers and the respective third-party payor were independent from the Group and the Directors, and the settlements made by the third-Party payor were not financed, directly or indirectly, by the Company, its subsidiaries, shareholders, directors, senior management, or any of their respective close associates; and (iv) since no new third party payment arrangement has been identified since November 2025, the enhanced internal control measures are adequate and effective. Based on the due diligence conducted by the Sole Sponsor, the Sole Sponsor is of the view that nothing has come to its attention that would need to be brought to the attention of the Stock Exchange as to the view expressed by our Directors as stated above.

Our Customers

Our primary customers are system integrators. We serve both direct-sale customers and, to a lesser extent, distributors. For more information, please refer to "– Sales Models" above. Our products are utilized by institutions across various sectors, including manufacturing, where automation plays a crucial role in enhancing operational efficiency. Through these diverse customer relationships, we earned customer trust in the market and continue to expand our reach by providing innovative products tailored to meet the needs of each customer segment. For details, please refer to "– Sales Models" above.

For the years ended December 31, 2023, 2024 and 2025, revenue from the five largest customers in each respective year was RMB42.5 million, RMB41.1 million and RMB48.4 million, respectively, accounting for 19.2%, 17.5% and 14.9% of our total revenue for the same years, respectively. For the years ended December 31, 2023, 2024 and 2025, revenue from our largest customer in each respective year was RMB23.1 million, RMB17.3 million and RMB11.8 million, respectively, accounting for 10.4%, 7.4% and 3.6% of our total revenue for the same years, respectively.

The following table sets forth the details of the five largest customers in each year during the Track Record Period.

For the year ended December 31, 2023

Rank	Customer	Customer type	Major type of products provided	Year of initial cooperation	Payment method	Credit terms	Revenue	Of total revenue
							RMB'000	*%*
1.	Customer A[(1)]	System integrator	Six-axis industrial robots and four-axis industrial robots	2020	Bank transfer	120 days	23,108	10.4
2.	Customer B[(2)]	System integrator	Six-axis industrial robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	5,775	2.6
3.	Customer F[(3)]	System integrator	Six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	4,605	2.1
4.	Customer E[(4)]	System integrator	Embodied intelligent robots and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Full payment before delivery	4,559	2.1
5.	Customer C[(5)]	System integrator	Six-axis industrial robots	2020	Bank transfer or bank acceptance bill	Up to 90 days	4,421	2.0

For the year ended December 31, 2024

Rank	Customer	Customer type	Major type of products provided	Year of initial cooperation	Payment method	Credit terms	Revenue	Of total revenue
							RMB'000	*%*
1.	Customer A[(1)]	Distributor	Collaborative robots, six-axis industrial robots, four -axis industrial robots, and embodied intelligent robots	2020	Bank transfer	Up to 90 days	17,318	7.4
2.	Customer E	System integrator	Embodied intelligent robots and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Full payment before delivery	8,258	3.5
3.	Customer F	System integrator	Collaborative robot, and six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	6,279	2.7
4.	Customer G[(6)]	System integrator	Collaborative robots, six-axis industrial robots, and four -axis industrial robots	2024	Bank transfer or bank acceptance bill	Up to 180 days	5,261	2.2
5.	Customer H[(7)]	System integrator	Six-axis industrial robots	2024	Bank transfer or bank acceptance bill	90 days	4,015	1.7

For the year ended December 31, 2025

Rank	Customer	Customer type	Major type of products provided	Year of initial cooperation	Payment method	Credit terms	Revenue	Of total revenue
							RMB'000	*%*
1.	Customer G[6]	System integrator	Six-axis industrial robots	2024	Bank transfer or bank acceptance bill	Up to one year	11,802	3.6
2.	Customer F	System integrator	Six-axis industrial robots	2021	Bank transfer or bank acceptance bill	Up to 90 days	10,953	3.4
3.	Customer J[8]	System integrator	Six-axis industrial robots and collaborative robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	10,011	3.1
4.	Customer B	System integrator	Six-axis industrial robots	2019	Bank transfer or bank acceptance bill	Up to 90 days	7,935	2.4
5.	Customer A[1]	Distributor	Collaborative robots, six-axis industrial robots, and four -axis industrial robots	2020	Bank transfer	Up to 90 days	7,671	2.4

Note:

(1) Company A, comprised of two entities with principal operations in Russia and Chinese Mainland, is primarily engaged in integrating and trading of mechanical equipment. Its Chinese Mainland Entity's registered capital is approximately RMB1.0 million. Its entity in Russia mainly serves downstream customer in Russia and central Asia in the automotive manufacturing, electronics assembly, home appliance manufacturing, food packaging, material handling, and agricultural machinery industry for application scenarios such as industrial welding automation, handling and assembly, precision machining and milling, palletizing and warehouse automation, spraying and surface treatment automation. Its entity in Chinese Mainland primarily serves as a distributor in mechanical equipment, office equipment, chemical raw materials, daily necessities and electrical appliance. In 2023, transactions with Customer A were conducted through its Russia-based entity (a system integrator). In 2024 and 2025, transactions were conducted through another entity of Customer A located in the PRC (a distributor), Please also refer to "– Compliance with International Sanctions and Export Control Laws And Regulations" below.

(2) Customer B is a company primarily engaged in software development, as well as the sales of intelligent robots and industrial robots with its principal place of operations in Chengdu. Its registered capital is approximately RMB10.0 million. It mainly serves downstream customers in the new energy vehicle, electric vehicle manufacturing, metal products and agricultural machinery industries in western China and to the whole country for application scenarios such as robot welding, robot handling/palletizing, robot spraying/glue application, robot machine tending.

(3) Customer F is a company primarily engaged in the sales of industrial robots and provides technical services with its principal place of operations in Zhangjiakou, Hebei. Its registered capital is approximately RMB5.0 million. It mainly serves downstream customers in agricultural machinery, two-wheeler vehicles, fitness equipment, and steel-wood furniture industries in northern China and to the whole country for application scenarios such as robot standalone workstation, agricultural machinery parts, fitness equipment.

(4) Customer E is a company primarily engaged in the manufacturing and sales of industrial robots with its principal place of operations in Weifang, Shandong. Its registered capital is approximately RMB30.0 million. It mainly serves downstream customers in power/communication tower manufacturing, automotive parts manufacturing industries in northern China and to the whole country for application scenarios such as robot welding workstation for towers.

(5) Customer C is a company primarily engaged in the manufacturing of industrial automatic control system equipment and provides technical services robots with its principal place of operations in Jiangsu province. Its registered capital is approximately RMB10.0 million. It mainly serves downstream customers in furniture, automotive parts, construction, power, and transportation industries in eastern China and to the whole country for application scenarios such as robot welding, handling and palletizing.

(6) Customer G, comprised of three entities in Chinese Mainland and primarily engaged in the provision of mechanical and electrical equipment, robots, and automation system integration equipment with its principal place of operations in Chongqing. Its registered capital is approximately RMB12.0 million. It mainly serves downstream customers in furniture manufacturing, general machinery, two-wheeler manufacturing, machine tool loading and unloading industries in Vietnam for application scenarios such as industrial welding automation, handling and assembly. Our credit terms granted to Customer G were extended from 180 days to one year, primarily in response to the business needs of Customer G and certain of its customers' prolonged payment cycles during the relevant period.

(7) Customer H is a company primarily engaged in the R&D and manufacturing of customized automation solutions and corresponding equipment with its principal place of operations in Shenzhen, Guangdong. Its registered capital is approximately RMB20.0 million. It mainly serves downstream customers in consumer electronics industry in China and Southeast Asia for application scenarios such as motion implementation in automation processes, including assembly, handling, inspection, etc.

(8) Customer J is a company primarily engaged in the manufacturing and sales of robot systems with its principle place of operations in Guangdong province. Its registered capital is RMB10.0 million. It mainly serves downstream customers in new energy sightseeing car, electric vehicle manufacturing industries in Southern China and to the whole country for application scenarios such as robotic welding, robotic handling/palletizing, robotic machine tending.

Our Directors confirm that throughout the Track Record Period and up to the Latest Practicable Date, all of our five largest customers for each of the years during the Track Record Period were Independent Third Parties and they have no past or present relationships (including, but not limited to, employment, trust, financing, or family relationship) with our Group, our Directors, Shareholders, senior management or any of their respective associates. Our Directors confirm that, throughout the Track Record Period and up to the Latest Practicable Date, none of our Directors and their respective close associates or any of the Shareholders, whom to the best knowledge of our Directors own more than 5% of the issued Shares immediately after the completion of the **[REDACTED]**, has any interests in any of our five largest customers for each of the years/periods during the Track Record Period.

After-sale Services

Our after-sale services are designed to support our customers throughout the entire lifecycle of our robotic products, from preliminary evaluation and technical support to ongoing maintenance. Upon delivery, we provide on-site installation to ensure our robotic systems are seamlessly integrated into our customers' operations. Our team works closely with each client to tailor the installation process to their specific needs. In addition, we offer training sessions that equip both new users and existing personnel with the knowledge and skills required to operate and maintain the systems effectively.

In terms of technical support, we provide "24/7" assistance through multiple channels, including phone, WeChat, and remote access. For more complex situations, we have field technicians ready to provide on-site support when needed. We provide a comprehensive warranty on all our products, which covers components as well as associated peripherals. We offer repair or replacement services at no additional cost to the customer. During warranty period, and offer paid repair services and replacement parts to keep operations running smoothly. We maintain inventory for spare parts to ensure that customers can quickly access the parts they need.

We also prioritize customer feedback and actively seek input from our clients to improve both our products and services. Through regular follow ups, we assess the performance of our products, address any concerns, and ensure that our systems continue to meet our customers' needs. We have a process in place for managing customer complaints, ensuring quick resolution and maintaining customer satisfaction. During the Track Record Period and up to the Latest Practicable Date, there had been no material claims between customers and us regarding product returns and refunds.

RAW MATERIALS AND SUPPLIERS

Raw Materials and Components

For the years ended December 31, 2023, 2024 and 2025, our total cost of raw materials and components amounted to RMB135.0 million, RMB135.4 million and RMB180.1 million, respectively, accounting for 83.3%, 83.1% and 82.8% of our total cost of sales for the respective years, respectively.

We manufactured certain components in-house, which mainly included robot bodies, robot controllers, robot control cabinets, teaching pendants, welding machines, and laser sensors. In addition, we also procured raw materials and components from external suppliers. Our key raw materials and components procured from external suppliers consist of (i) key precision transmission and drive components mainly including RV reducers, harmonic drives, and servo motors, which are procured from leading domestic manufacturers; (ii) key electronic control components such as communication and control chips, which are sourced from leading global semiconductor companies and their regional affiliates; and (iii) structural parts (e.g., enclosures and die-cast components), which are supplied by established domestic manufacturers with extensive experience in producing mechanical parts.

Our procurement strategy is designed to balance cost efficiency and supply chain resilience. Throughout the Track Record Period, in terms of procurement amount, approximately 95.0% of the raw materials for key raw materials and components of our robotic products are sourced domestically, and both control and electrical systems for our products are self-developed in-house. Though we mainly source from domestic suppliers, we also maintain a small amount of foreign raw materials and components procured through Chinese agents. This dual approach ensures that we can maintain a steady flow of materials while ensuring the best balance of quality, cost, and technological advancement.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage of raw materials and components that resulted in interruptions in our production. We believe our stable relationships with our suppliers will continue to ensure an adequate and stable supply of raw materials and components as well as manage fluctuations of prices of our raw materials and components in the future. We did not experience any quality issues with our raw materials and components during the Track Record Period and up to the Latest Practicable Date that materially affected our operations.

Our Suppliers

Supplier management system

Our supplier management system is structured to ensure that all suppliers adhere to our rigorous quality standards, fostering long-term, strategic relationships. Key elements of our supplier management system include: (1) we maintain an approved supplier list for key raw materials and components. Suppliers are thoroughly evaluated based on factors such as qualifications, certifications, financial stability, and performance history. The supplier onboarding process typically takes over three months, including pre-screening, on-site inspections, and assessments of production capacity and quality assurance systems; (2) our procurement, engineering, and quality assurance teams conduct periodic evaluations of suppliers based on critical performance metrics; (3) we maintain a multi-supplier strategy that ensures that we are not dependent on a single source, enhancing the resilience and stability of our supply chain; (4) for price increases in key raw materials and components, we assess their reasonableness by comparing supplier quotes, reviewing current market material prices, and conducting cost analysis. During the Track Record Period and up to the Latest Practicable Date, we have neither experienced material price fluctuations of key raw materials and components, nor have we engaged in any hedging activities against raw material price fluctuations; (5) we maintain real-time monitoring and records of our raw material inventory levels, and adjust such levels in a timely manner based on our production plans to ensure adequate inventory for our operations. We also conduct rolling inventory preparation in line with the delivery cycles of multiple suppliers, as well as maintain a qualified list of alternative suppliers, to mitigate potential risks of raw material supply shortages; (6) our quality control process is stringent and multi-layered. New materials undergo rigorous sample testing, small-batch trials, and full-scale production runs to ensure they meet our technical specifications. Suppliers who fail to meet our quality standards during initial testing are disqualified after two failed trials.

Agreement with suppliers

Our agreements with suppliers typically cover the following key terms: (1) *contract duration and renewal:* our framework agreements generally have a fixed term of one year and are subject to renewal upon mutual agreement. Purchase orders are issued under such framework agreements or on a standalone basis, depending on business needs; (2) *product specifications and quality standards:* product names, technical specifications, quantities, unit prices, and expected delivery dates are typically clearly stated in the purchase order. Raw materials and components must comply with our technical specifications and quality requirements. If quality issues arise, suppliers are obligated to repair, replace, or refund the defective goods. Additional penalties may apply in accordance with separately signed quality target documents; (3) *delivery terms and logistics:* deliveries are made to designated locations as specified in the purchase order, typically on a DDP basis, with transportation costs and in-transit risk borne by the supplier. Timely delivery is essential. In the event of delay beyond the agreed date without prior written approval, we are entitled to claim liquidated damages; (4) *payment:* the purchase orders set out specific payment terms depending on the type of materials and/or components to be procured; (5) *amendments and variations:* neither party may unilaterally amend the agreement. Any proposed changes must be initiated in writing and agreed upon by both parties through execution of a supplemental agreement or confirmation of a variation order; (6) *breach of contract and liability:* suppliers who fail to meet contractual obligations may be subject to penalties, payment withholdings, and termination of the agreement. Liability extends to direct losses and may include consequential damages such as reputational or regulatory exposure; and (7) *termination rights:* either party may terminate this agreement upon prior written notice to the other party. Each party shall be entitled to terminate this agreement immediately upon the occurrence of a material breach or insolvency of the other party.

For agreements with our suppliers of key raw materials, components and outsourced manufacturing, the principal terms are generally consistent with those specified in our supplier framework agreements.

Major suppliers

For the years ended December 31, 2023, 2024 and 2025, our purchase amounts from the five largest suppliers in each respective year were RMB60.4 million, RMB51.1 million and RMB87.2 million, respectively, accounting for 48.5%, 40.7% and 37.9% of our total purchase amounts for the same years, respectively. For the years ended December 31, 2023, 2024 and 2025, purchase amounts from our largest supplier in each respective year were RMB28.5 million, RMB22.9 million and RMB46.4 million, respectively, accounting for 22.8%, 18.2% and 20.2% of our total purchase amounts for the same years, respectively. All of our five largest suppliers during each year during the Track Record Period are located in China. Please also see "Risk Factors – Risks Relating to our General Operations and Industry – We may face supply chain risks and are dependent on certain major suppliers, and any interruption of our supplier's services and quality could materially harm our business" in this document.

The following table sets forth the details of the five largest suppliers in each year during the Track Record Period.

For the year ended December 31, 2023

Rank	Supplier	Supplier's background	Type of products purchased	Year of initial cooperation	Payment method	Credit terms	Purchase amounts	Of total purchase amounts
							RMB'000	%
1.	Supplier A	A company primarily engaged in the provision of RV reducers, RV input shafts and other related products. Supplier A is a subsidiary controlled by Shuanghuan Driveline, a minority shareholder holding approximately 1.20% of our total issued shares as of the Latest Practicable Date. For more information, please refer to "History, Development and Corporate Structure – **[REDACTED]** Investments – Our Other Sophisticated Independent Investors – Shuanghuan Driveline" in this document.	RV reducers (a type of joint reduction gears (關節減速器)) and RV input shafts	2020	Bank transfer, bank acceptance bill or other forms that have been agreed by written consent	60 days	28,451	22.8
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	90 days	12,683	10.2
3.	Supplier D	A company primarily engaged in the provision of welding machines and other related products.	Welding machines	2018	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	30-90 days	10,161	8.2
4.	Supplier F	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2021	Bank transfer or bank acceptance bill	30 days	5,464	4.4
5.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill, or any other method the buyer deemed fit	60-120 days	3,618	2.9

For the year ended December 31, 2024

Rank	Supplier	Supplier's background	Type of products purchased	Year of initial cooperation	Payment method	Credit terms	Purchase amounts	Of total purchase amounts
							RMB'000	%
1.	Supplier A	A subsidiary of a company listed on Shenzhen Stock Exchange and primarily engaged in the provision of RV reducers, RV input shafts and other related products. Supplier A is a subsidiary controlled by Shuanghuan Driveline, a minority shareholder holding approximately 1.20% of our total issued shares as of the Latest Practicable Date. For more information, please refer to "History, Development and Corporate Structure – **[REDACTED]** Investments – Our Other Sophisticated Independent Investors – Shuanghuan Driveline" in this document.	RV reducers (a type of joint reduction gears (關節減速器)) and RV input shafts	2020	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60 days	22,890	18.2
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	90 days	9,794	7.8
3.	Supplier C	A company primarily engaged in the provision of harmonic drives and related products.	Harmonic drives	2018	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	Up to 90 days	7,593	6.0
4.	Supplier D	A company primarily engaged in the provision of welding machines and other related products.	Welding machines	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	30-90 days	7,478	6.0
5.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	60-120 days	3,392	2.7

For the year ended December 31, 2025

Rank	Supplier	Supplier's background	Type of products purchased	Year of initial cooperation	Payment method	Credit terms	Purchase amounts	Of total purchase amounts
							RMB'000	%
1.	Supplier A	A subsidiary of a company listed on Shenzhen Stock Exchange and primarily engaged in the provision of RV reducers, RV input shafts and other related products. Supplier A is a subsidiary controlled by Shuanghuan Driveline, a minority shareholder holding approximately 1.20% of our total issued shares as of the Latest Practicable Date. For more information, please refer to "History, Development and Corporate Structure – **[REDACTED]** Investments – Our Other Sophisticated Independent Investors – Shuanghuan Driveline" in this document.	RV reducers (a type of joint reduction gears (關節減速器)) and RV input shafts	2020	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60 days	46,384	20.2
2.	Supplier B	A company primarily engaged in the provision of servo motors and related products.	Servo motors	2017	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	90 days	20,529	8.9
3.	Supplier C	A company primarily engaged in the provision of harmonic drives and related products.	Harmonic drives	2018	Bank transfer, bank acceptance bill, domestic letter of credit or any other method the buyer deemed fit	Up to 90 days	9,704	4.2
4.	Supplier G	A company primarily engaged in the provision of sheet metal cabinets, mounting brackets and other related products.	Sheet metal cabinets and mounting brackets	2018	Bank transfer, bank acceptance bill or any other method the buyer deemed fit	60-120 days	6,196	2.7
5.	Supplier H	A company primarily engaged in the provision of cast iron parts, machined parts and related products.	Cast iron parts, machined parts	2024	Bank transfer, bank acceptance bill or domestic letter of credit	30 days	4,347	1.9

Our Directors confirm that throughout the Track Record Period and up to the Latest Practicable Date, all of our five largest suppliers for each of the years or period during the Track Record Period were Independent Third Parties and they have no past or present relationships (including, but not limited to, employment, trust, financing, or family relationship) with our Group, our Directors, Shareholders, senior management or any of their respective associates. Our Directors confirm that, throughout the Track Record Period and up to the Latest Practicable Date, none of our Directors and their respective close associates or any of the Shareholders, whom to the best knowledge of our Directors own more than 5% of the issued Shares immediately after the completion of the **[REDACTED]**, has any interests in any of our five largest suppliers for each of the years/periods during the Track Record Period. Our Directors confirm that, throughout the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or delay in delivery of our orders from our suppliers during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

According to Frost & Sullivan, the industrial robotics industry comprises multiple specialized segments, including component design and manufacturing, robot design and development, manufacturing, assembly and integration, and algorithm and software development. To satisfy the evolving demands of customers, market players in the industry often procure products or services from peers to deliver comprehensive products or solutions. As a result, it is common for upstream and downstream enterprises within the industry to engage in transactions with each other as both suppliers and customers. This overlap between customers and suppliers reflects the highly interconnected nature of the industrial robotics ecosystem facilitating mutual growth and innovation across the industry.

The table below sets forth the gross profit and gross profit margin of our overlapping customers and suppliers during the Track Record Period.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customer B	1,811	31.4	1,140	34.6	2,597	32.7
Supplier A	49	27.5	–	–	1	70.3
Supplier B	–	–	183	23.8	150	25.3
Supplier D	26	28.9	–	–	18	36.6

For sales to Customer B, the gross profit margin was not materially different from our overall gross profit margin for the respective periods. For sales to Suppliers A, B and D, the gross profit margins deviated from our overall gross profit margin. This was primarily attributable to the small transaction volumes involved as disclosed below, as well as the inherent variability in gross profit margins across different robot series and models.

During the Track Record Period, none of our five largest customers in each year or period was also among our five largest suppliers for the same period. To the best knowledge of our Directors, the industrial robots purchased by our major suppliers as mentioned above are for their own use.

During the Track Record Period, we mainly provided six-axis industrial robots to Customer B, which was among our major customers and also served as a supplier. Customer B provided robot bases to us. For the years ended December 31, 2023, 2024 and 2025, our purchase amounts attributable to Customer B amounted to approximately nil, RMB0.2 million and RMB0.06 million respectively, accounting for approximately nil, 0.2% and 0.03% of our purchases for the corresponding years, respectively.

During the Track Record Period, we purchased RV reducers and RV input shafts from Supplier A, servo motors from Supplier B and welding machines from Supplier D, all of which were among our major suppliers and also served as customers.

We mainly provided six-axis industrial robots to Supplier A, four-axis industrial robots and six-axis industrial robots to Supplier B, and six-axis industrial robots to Supplier D. For the years ended December 31, 2023, 2024 and 2025, our revenue derived from them amounted to RMB0.3 million, RMB0.8 million and RMB0.6 million respectively, accounting for approximately 0.1%, 0.3% and 0.2% of our revenue for the corresponding years, respectively.

Negotiations of the terms of our sales to and purchases from the overlapping customer and supplier were conducted on a case-by-case basis and purchases were neither interconnected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from these overlapping customers and suppliers were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm's length basis. The contractual terms were substantially the same as those with our other customers and suppliers. To the best knowledge of our Directors, all of these parties were Independent Third Parties.

INVENTORY, WAREHOUSING AND LOGISTICS MANAGEMENT

Inventory and Warehousing

Our inventories comprise (i) raw materials and components; (ii) finished goods; (iii) materials consigned for processing and work in progress, and (iv) goods in transit. Our materials consigned for processing primarily consisted of certain wiring harnesses and PCBA boards, which were outsourced to third-party suppliers. For more information about our outsourced production, please refer to "– Our Production – Outsourced Production".

As of December 31, 2023, 2024 and 2025, our inventories were RMB94.5 million, RMB82.5 million and RMB108.7 million, respectively. See "Financial Information – Discussion of Certain Key Consolidated Statements of Financial Position – Current Assets – Inventories." We have a strict inventory control policy to monitor our inventory levels to minimize obsolete inventory. To effectively manage our inventory, we rely on a centralized Enterprise Resource Planning ("**ERP**") system integrated with warehouse-level Warehouse Management System ("**WMS**") modules. This integration allows us to monitor real-time stock levels, track inventory movements, and trigger automated restocking alerts. Our inventory write-down policy is aligned with accounting standards and involves regular reviews of aging inventory. When inventory becomes obsolete or impaired, it is written down to its net realizable value, taking into account factors such as aging status, replacement cost, and market conditions. This process ensures that our inventory is accurately valued and that any losses are accounted for in a timely manner.

We ensure that all transportation risks, including damage or loss during transit, are backed by clear terms. The logistics agreements with our providers include clear terms regarding compensation for damages or losses, providing us with a secure and reliable transportation framework. Throughout the Track Record Period and up to the Latest Practicable Date, we have not experienced any material delays, disputes, or transportation-related losses that significantly impacted our business operations. We have worked effectively with our logistics partners to ensure smooth and timely deliveries, minimizing the risk of stockouts or delays in distribution.

SEASONALITY

We are subject to slight seasonality that impacts our financial performance, driven by our customers' business practices. Typically, we record higher revenue during the second and fourth quarters, primarily because (i) many customers tend to concentrate their order placements and/or complete their inspection toward the end of the calendar year driven by their annual budget practices, and (ii) customers generally tend to schedule their procurement before or after the Spring Festival in China as well as the major holidays in overseas markets, many of which are in the fourth quarter, to avoid potential supply chain issues associated with the holidays. According to Frost & Sullivan, such seasonality is generally prevalent in the industrial robotics market.

PROPERTIES

We operated our business through a combination of owned land use rights, self-owned buildings, and leased properties in both domestic and overseas markets. As of the Latest Practicable Date, we hold one parcel of owned land use rights in Chengdu, Sichuan province, PRC, with a total land area of 13,333.31 sq.m, primarily used for production plant, R&D centers, and headquarters offices. Additionally, we own three buildings at the same location in Chengdu, with an aggregate gross floor area of 35,155.85 sq.m, serving the same key functions of production, R&D, and headquarters operations.

As of the Latest Practicable Date, we leased (i) three properties with an aggregate gross floor area of approximately 918.6 square meters in China, which had been used mainly as offices or other business support functions; and (ii) one property with an aggregate gross floor area of approximately 205 square meters in Malaysia, which had been used as the office of our Malaysian subsidiary. For our owned land use rights and buildings, as of the Latest Practicable Date, (i) we had obtained all land use rights certificates for all land parcels we owned and occupied; (ii) we had obtained all real estate ownership certificates for all buildings we owned. As of the Latest Practicable Date, we had not filed the lease agreement for registration with respect to two of the three leased properties in China. For details, see "– Legal Proceedings and Compliance – Non-compliance Incidents – Non-registration of lease agreements" below.

Property Valuation

As of December 31, 2025, we had no single property with a carrying amount of 15% or more of our total assets. As such, we are not required by Rule 5.01A of the Listing Rules to include a valuation report in this document. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice, this document is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which would otherwise require a valuation report for all our interests in land or buildings.

INSURANCE

We maintain a comprehensive insurance program that includes property insurance covering physical damage or loss to our facilities, warehouse, and office premises due to natural disasters or man-made events. We also have liability insurance for third-party claims related to property damage or bodily injury, as well as product liability insurance for damages caused by product defects. Employee insurance, including worker's compensation, health insurance, and life insurance, is also in place to mitigate risks associated with workplace injuries or employee health concerns. We do not maintain transportation insurance, though we do ensure that transportation risks are backed by clear terms regarding compensation for damages or losses in contracts with third parties.

Overall, as advised by F&S, we believe our insurance coverage align with general market practices within the industry. During the Track Record Period and up to the Latest Practicable Date, we have not encountered any material insurance claims that have significantly impacted our financial position. For more information, please refer to "Risk Factors – Risks Relating to Our General Operations and Industry – Our insurance coverage may not be sufficient to cover all losses or potential claims which would affect our business, financial condition and results of operations".

EMPLOYEES

As of the Latest Practicable Date, we had a total of 424 full-time employees, among which seven are based outside China. The tables below set forth a breakdown of our employees by function as of the same date:

Function	Number of Employees	Percentage
Production	123	29.0%
Sales and after-sales	101	23.8%
R&D	141	33.3%
Finance	6	1.4%
Administration	53	12.5%
Total	**424**	**100.0%**

Our recruitment channels include online job platforms, campus job fairs, and internal referrals. All candidates undergo a rigorous multi-stage screening process, which includes interviews and technical assessments. We provide comprehensive training programs tailored to each department's needs. These programs include company culture familiarization, safety education, and role-specific technical training.

We are required by PRC social insurance and housing provident fund laws and regulations to make contributions for mandatory social insurance and housing provident funds for our employees. During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. For details, see "– Legal Proceedings and Compliance – Non-compliance Incidents – Social insurance and housing provident funds" below.

We maintain a strong focus on ensuring our labour contracts are aligned with China's legal requirements. We also provide our employees with comprehensive remuneration packages, which are generally calculated according to their qualifications, industry experience position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonuses such as year-end bonuses, departmental bonuses and key client project delivery bonuses. To further support our employees, we provide statutory benefits such as pension and medical insurance, as well as additional benefits including annual leave, festival allowances, and subsidies for front-line workers. In addition, we have established our own labour union and provide funds to support the daily operations of the union on a regular basis.

DATA SECURITY AND PRIVACY

In providing our robotic products, we engage in certain data-related activities to ensure their functionality and efficiency. For instance, we may access data related to the design, development, production and functionality of our robotic products, including production line and equipment layout in manufacturing workshops, appearance and technical specifications of equipment, type of materials, shape of products, and other information related to production and facilities. We comply with our customers' confidentiality requirements and do not disclose their data without their prior consent.

During the use of our robotic products, we do not collect any personal data or information from customers. During the course of our business operation, with the prior consent of our customers, suppliers and other business partners, we collect and maintain their contact information to the extent necessary and in accordance with the applicable laws and regulations on data privacy and security. We have taken measures to maintain the confidentiality of such information to ensure regulatory compliance. We have set up an access control system for personal information in our internal system so that it cannot be viewed without proper authorization or exported in bulk. We set up firewalls to prevent information loss or leakage caused by cyber-attacks. In addition, we from time to time examine the security of our data storage system. We strictly restrict the range of data that our employees are authorized to access based on their role and function. We continue to pay close attention to the legislative and regulatory developments in cybersecurity and data protection and conduct routine cybersecurity and data protection compliance checks and rectification to keep pace with regulatory developments.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss, nor did we encounter any significant unauthorized use of personal information belonging to customers, suppliers, other business partners or employees. As of the Latest Practicable Date, we have not encountered any disputes, controversies, or lawsuits related to violations of information security laws and regulations. We believe that we are in compliance with the relevant PRC laws and regulations relating to cybersecurity and data protection in all material aspects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance Structure

We leverage our sound corporate governance system to provide a solid foundation for the implementation of sustainable development and ESG strategies. Currently, a top-down ESG governance framework has been preliminarily established, with ongoing refinement of the division of responsibilities across all levels. This structure currently encompasses three core tiers: the decision-making level, the management level, and the execution level. In the future, we will further refine our ESG management system, focusing on establishing a tracking and real-time updating mechanism for ESG-related objectives to effectively enhance ESG governance efficiency and management standards.

The Board, as the highest governing body for our sustainable development and ESG matters, will convene special meetings to deliberate on our sustainability initiatives, social responsibility fulfillment, and ESG reporting. It will also review and make decisions on significant issues within the ESG domain. To advance the implementation of the sustainability and ESG strategy established by the Board, we have established an ESG Management Committee of the Strategy Committee of our Board involving senior management. Its core function is to assist the Board in promoting the concrete development and implementation of sustainability, social responsibility, and all ESG initiatives. Additionally, to further support the ESG Management Committee in implementing relevant strategies and metrics, we have established a ESG working group comprising heads of various functional departments. This group regularly reports to the ESG Management Committee and the Board on core priorities and action plans for sustainability, social responsibility, and ESG initiatives, ensuring the comprehensive implementation and effectiveness of our sustainability and ESG-related strategies and actions.

We manage material ESG issues through a Board-led closed loop. The Board mandates an ESG Management Committee to oversee ESG compliance and risk identification, collect business-unit inputs, and maintain an ESG topic list. Topics are prioritized using double materiality via qualitative and quantitative assessment and a materiality matrix. The Board reviews progress through regular reporting and updates priorities as needed. Environmental risks such as office supply waste, inefficient vehicle use, and high energy consumption will directly increase operating costs; in the medium to long term, they may restrict business expansion. The actions to be taken to mitigate or address material ESG risks identified are as follows: ≤1 year tighten vehicle dispatch, shift to NEVs where feasible, set fuel-per-km KPIs, track energy use, and go paperless; 1–3 years expand green power (target >30%) and upgrade/retire high-energy equipment; 3+ years move to full-process green and circular production (target >90% waste recycling) supported by low-carbon R&D.

ESG Strategy

We are committed to sustainable development within the industrial automation sector. With technological innovation at its core, we actively promote the intelligent transformation of manufacturing while addressing climate change. We strive for the harmonious integration of economic, environmental, and social benefits, achieving synergy among the enterprise, society, and the environment. In doing so, we contribute to global sustainable manufacturing. We firmly believe that technological advancements should serve the well-being of humanity and the protection of our planet. By providing advanced robotics solutions, we empower global customers to achieve a low-carbon, efficient, and safe transformation toward intelligent manufacturing.

Stakeholder Communication

Within our corporate operational management system, we consistently prioritize the identification and collaboration with both internal and external stakeholders, understanding and responding to their core expectations and legitimate demands. To enhance this synergy, we proactively establish stakeholder engagement mechanisms, build an internal and external communication matrix, and maintain an open and proactive stance to ensure the effectiveness of interactions. Specifically, we foster connections with all stakeholders through multi-dimensional communication channels, including integrated online and offline meetings, targeted interviews, and systematic opinion surveys. By coordinating diverse interests and building consensus on development, we are dedicated to achieving healthy, steady, and sustainable long-term growth.

Corporate Governance

Professional ethics and anti-corruption

We adhere to a "zero-tolerance" policy toward all forms of corruption. In response to the national anti-corruption strategy, we place high priority on combating commercial bribery and corruption. Through measures such as optimizing management systems, conducting regular training and education, and strengthening oversight throughout all processes, we are fully committed to fostering a clean and upright business ecosystem. Additionally, we have established dedicated reporting channels to encourage employees and partners to participate in oversight, ensuring all reports are promptly investigated and addressed, while strictly maintaining confidentiality of whistleblower information to fully safeguard the effectiveness of the oversight mechanism.

We recorded no fraud, bribery, or other misconduct incidents involving our employees, distributors, suppliers, or other third parties during the Track Record Period and up to the Latest Practicable Date.

Environmental Impact

Environmental performance

Table of our Environmental Performance for the Periods Indicated

Indicators	Unit	2023	2024	2025
Emissions				
greenhouse gas (GHG) emissions[1]				
Total GHG emissions	tCO_2e	22,396.0	54,184.3	25,795.8
–Direct GHG emissions[2]	tCO_2e	67.0	60.4	51.2
–Indirect GHG emissions[3]	tCO_2e	981.0	1,024.3	1,047.0
–Other Indirect GHG emissions[4]	tCO_2e	21,348.0	53,099.6	24,697.6
GHG emissions intensity	tCO_2e/person	64.0	146.4	62.8
Air emission[5]				
CO	kg	96.9	82.8	70.9
Nitrogen Oxides	kg	3.3	2.9	2.5
Sulphur Dioxide	kg	2.3	2.1	1.7
Waste				
Total hazardous waste	kg	0.0	0.0	8,810.0
Hazardous waste intensity	kg/person	0.0	0.0	21.4
Total Non-Hazardous Waste	kg	110,034.0	110,800.0	278,814.0
Intensity of non-hazardous waste	kg/person	314.4	299.5	678.4

Notes:

1. Information of greenhouse gas emissions is presented in terms of carbon dioxide equivalent and accounted for in accordance with the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises (Revised 2021) (《企業溫室氣體排放核算方法與報告指南發電設施 (2021年修訂版)》) issued by the Ministry of Ecology and Environment of the PRC and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC).

2. Direct greenhouse gas emissions are mainly from the consumption of natural gas and fuel.

3. Indirect greenhouse gas emissions are mainly from the consumption of electricity.

4. Other indirect greenhouse gas emissions are mainly from the employee travel, product sales and transportation.

5. Sources of exhaust emissions include both stationary and mobile sources. Emissions caused by stationary sources are calculated based on the First National Pollutant Census Urban Domestic Source Emission Coefficient Manual and determined by monitoring the exhaust gases generated during actual production processes; emissions caused by mobile sources are calculated based on the Technical Guidelines for the Compilation of Air Pollutant Emission Inventory from Road Vehicles (Trial).

We control greenhouse gas emissions through: **(i) Scope 1:** technology upgrades and process optimization (fuel substitution, higher-efficiency equipment, automated/"lights-out" production, and standardized refrigerant management to reduce leaks); **(ii) Scope 2:** increasing green electricity use via distributed PV and/or long-term renewable PPAs; and **(iii) Scope 3:** working with supply-chain partners to set reduction targets and drive low-carbon improvements in raw materials, logistics, and related activities.

Green Operations

Energy management

To achieve energy efficiency targets, we have established multiple environmental management plans, including the Environmental Protection System, Energy Conservation and Emission Reduction System, and Annual Environmental/Occupational Health and Safety Objectives, while implementing various energy-saving measures. Our newly constructed photovoltaic power generation facilities ensure our electricity consumptions needs while reducing national energy consumption. Production schedules for each workshop are arranged based on sales and supply plans to ensure continuous production operations without interruption, thereby helping to reduce the factory's electricity consumption. For defective equipment, we fill in the defect form and handle it promptly to maintain the best operating condition of the equipment. We conduct an annual assessments and replacements of high-power, high-energy-consumption equipment within our company. These objectives will be implemented through various departments, including Human Resources and Operations, as well as Research and Development Technology. During the summer, we maintain the air conditioning temperature in office and manufacturing areas at 26°C. All our production facilities utilize LED lighting to reduce energy consumption.

Our three-year energy-saving and emissions-reduction target is to cut total carbon emissions by over 10%, which is higher than industry average, supported by: (i) deploying photovoltaic generation (expected to reduce emissions by >20% annually), (ii) annual product carbon-footprint verification/disclosure to manage energy use at the source, (iii) applying for Chengdu Green Factory status through adoption of low-energy/low-emission equipment and materials, and (iv) strengthening energy-management systems and certification with end-to-end energy data monitoring and continuous improvement to lower energy costs.

Resource management

We remain vigilant regarding global climate change and national policies on energy conservation, emissions reduction, and carbon neutrality management. We are constantly mindful of the critical importance of effective energy conservation. Electricity is the primary source of energy consumption in our production and operations, and reducing electricity consumption is a top priority in energy management. We manage resource usage through the implementation of internal operational control procedures and are committed to achieving energy efficiency and conservation in our daily operations. We actively incorporate photovoltaic power generation and are committed to promoting energy conservation in our daily operations to reduce national electricity consumption and replace high-energy-consuming electrical equipment. We conduct energy and environmental system certifications and carbon footprint verification statements, while regularly organizing energy-saving training for employees. We conduct regular inspections of electricity usage, compile statistics at month-end, and perform comparative analysis of annual consumption patterns to establish a foundation for resource conservation.

Water resources management

We plan to reduce our annual water consumption by approximately 5% compared to the previous year and organize water conservation training for employees to enhance awareness of water-saving practices. To achieve water efficiency goals, we have posted water-saving signs in prominent locations in restrooms and break rooms to cultivate employees' environmental awareness and thereby reduce water consumption. We conduct periodic inspections of water pipes and faucets, promptly repairing or replacing any leaking faucets upon discovering potential hazards. In addition, dedicated personnel will regularly record the water meter readings and compare the water usage over the same period to check whether there is any hidden water leakage.

Waste Management

We have established an *Environmental Protection Management System* for exhaust emissions, which outlines countermeasures for generated exhaust gases, wastewater, noise, and solid pollutants, designates responsible personnel, and clearly defines their respective duties. We also implement environmental 'three simultaneous' requirements for construction and technical renovation projects, conduct water body retention assessments, perform regular testing of 'four wastes', sign hazardous waste and general industrial waste disposal contracts with qualified entities for periodic disposal, and achieve Grade B performance ratings during heavy pollution weather events.

In terms of waste management, hazardous waste generated during our operations will be handled by qualified third party recycling companies or returned to the original company for disposal. We rigorously review waste disposal contractors' qualifications before entering into contracts with them requiring lawful waste disposal, and conduct annual reviews of their credentials. On the other hand, the general waste generated by us is categorized into recyclable and non-recyclable waste. Recyclable waste is processed and recycled through take-away or outsourced processing, while non-recyclable waste is handled through outsourced processing. We strive to reduce, recycle and dispose of waste properly to minimize the environmental impact caused by our operations.

We carried out a skill expansion and modification in September 2024, which led to the generation of hazardous waste, and it was centrally disposed of in 2025 after reaching a certain amount. Our hazardous waste (per the National Hazardous Waste List) comprises five types: waste cutting fluid, metal shavings, waste organic solvents/solvent-containing waste, contaminated materials (from grease packaging barrels), and spent activated carbon.

Social Impact

Employee development

Employment

We remain committed to creating a work environment for all employees, empowering their professional growth, and comprehensively safeguarding their legal benefits. Through concrete actions, we uphold a people-centered development philosophy.

Development and Training

As a vital component of our employee benefits program, we have developed a multi-dimensional training plan tailored to the specific requirements of different positions and the developmental stages of our employees. Details are as follows:

- *New employee onboarding training.* Aimed at achieving "integration and efficient onboarding," the system covers company policy interpretation, core business process explanations, real-world workplace environment introductions, dedicated liaison responsibilities and authority clarifications, and hands-on guidance for core job duties. This helps new employees quickly familiarize themselves with organizational culture and work requirements, enabling them to swiftly transition into their roles.

- *External empowerment training support.* To empower employees to expand their capabilities and achieve personal growth, we encourage staff to apply for external training aligned with their job requirements and career development plans. A dedicated training fund is established to support participation in industry courses, professional skill certification programs, industry summits, and other external learning resources, thereby enhancing overall competitiveness.

Employee health and safety

We consistently adhere to a safety production policy prioritizing prevention and integrating prevention with control, committed to providing employees with a safe and healthy working environment. Our occupational health and safety management system has obtained ISO 45001 certification. We strictly implement occupational health and safety management procedures. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any material workplace safety accidents. To further enhance safety management and eliminate workplace safety accidents, we strictly comply with the Work Safety Law of the People's Republic of China and have established work safety management systems to foster a secure working environment.

Responsible Procurement

We have established a supplier onboarding process. Different processes are matched to different categories of suppliers. Systematic procedures and documentation are in place for supplier development, evaluation, and record-keeping to assess, screen, and approve suppliers. This ensures that onboarded suppliers meet product technical requirements, quality standards, management system specifications, and environmental and social criteria. Additionally, we implement supplier assessment measures to monitor performance in contract fulfillment, quality, delivery, after-sales service, and compliance with laws and regulations. These assessments are regularly reviewed and analyzed.

We use environmentally friendly/recyclable packaging, which customers may recycle themselves or via third-party recyclers. We also offer a trade-in program: end-of-life robots or parts can be replaced and returned for recycling via upstream raw-material manufacturers, or customers may scrap and recycle them through certified recycling providers.

Product Quality and Safety

We have consistently adhered to the quality policy of "High Quality, Excellent Service, Enabling Customers to Utilize Robotics Effectively". We have established a comprehensive quality management model encompassing research and development quality systems, supply chain quality systems, production process quality systems, and after-sales service quality systems to meet customer needs.

In response to the evolving demands for products and services from the market, we have established relevant policies including the *After-Sales Service Management, Product Warranty Manual,* and *Delivery and Service After-Sales Policy* to fully ensure technological support, after-sales service, and product maintenance services. Through relevant policies, significant progress has been made in warranty documentation, repair principles, on-site training, service standardization, and response timeliness.

INTERNAL CONTROL AND RISK MANAGEMENT

Our approach to risk management and internal control is designed to, among others, safeguard our assets, ensure operational continuity, and promote compliance with industry regulations. Through a structured framework, we identify, evaluate, and mitigate risks across our business activities, aligning our practices with best-in-class standards and regulatory requirements. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management. Our Directors are of the view that our current internal control measures are adequate and effective to ensure compliance with relevant laws and regulations.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events. We have established a series of internal procedures to manage such risk. We take a comprehensive approach with regard to operational risk management, and we have implemented a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Our various departments collaborate and are collectively responsible to ensure the compliance of our operations with internal procedures. Through effective operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Financial Risk Management

We have adopted comprehensive policies in connection with our financial management, such as budget management, expenses management, accounting management and capital management. We also appointed an internal control manager who is responsible for the construction of internal control system and implementation of policies thereafter. The budget report is reviewed by our CEO every year to ensure its reasonability.

Compliance Management

Our in-house legal department performs the basic function of reviewing and updating the different forms of contracts we enter into with our customers, suppliers and other business partners. Our sales manager examines the contract terms and reviews relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and the necessary underlying due diligence materials, before we enter into any contract or business arrangements. We also issued the internal contract management policies to regulate the business contract signing, reviewing and implementation procedures. We continuously improve our internal policies according to changes in laws, regulations and industry standards, such as the policies related with data privacy. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been any material cybersecurity and data protection incidents with respect to data leakage, violation of data protection laws and regulations or investigation or other legal proceeding against us in this regard.

Human Resource Management

We maintain high standards in recruitment with strict procedures to ensure the quality of new hires and provide specialized training tailored to the needs of our employees in different departments. We also conduct periodic performance reviews for our employees, and their remuneration is performance based. We monitor the implementation of internal risk management policies on a regular basis to identify, manage and mitigate internal risks in relation to the potential incompliance with our code of conduct, work ethics, and violations of our internal policies or illegal acts at all levels of our Group.

Credit Risk Management

We seek to maintain strict control over our outstanding receivables and have implemented a policy to minimize credit risk. We maintain regular communication with our customers, address potential payment issues proactively, and conduct detailed risk assessments. Our finance department conducts regular reviews of overdue accounts and recoverability of our outstanding balances, prioritizing high-value or long-overdue balances, and when appropriate, provides for impairment of these trade receivables. For significantly overdue accounts with no resolution, we may escalate to legal proceedings.

LICENSES, APPROVALS AND PERMITS

We are required to obtain and maintain various licenses, approvals and permits to ensure compliance with applicable laws and regulations in the regions where we conduct business. These authorizations are fundamental to our production and operations and affirm our adherence to industry standards in safety, environmental protection and technical competency.

In addition to the business licenses, the following table sets forth details of our material licenses, approvals and permits:

License/approval/permit	Issuing authority	Issuance date	Expiry date/ renewal date
Customs Registration Receipt for Importers and Exporters of Goods	Jincheng Custom Bureau	April 23, 2019	N/A

We will apply for the renewal certificates, licenses and permits that are required to be renewed from time to time. As of the Latest Practicable Date, our current portfolio of robotic products does not require any material regulatory approvals, and accordingly, no such approvals have been obtained. We will continue to monitor the regulatory landscape for any changes.

LEGAL PROCEEDINGS AND COMPLIANCE

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any administrative penalties, bankruptcy or receivership proceedings), which we believe would have a material adverse effect on our business, results of operations or financial condition. As of the Latest Practicable Date, we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or any of our Directors, which we believe would have a material adverse effect on our business, results of operations, financial condition and R&D for any of our Specialist Technology Product.

Non-compliance Incidents

Social insurance and housing provident funds

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees as required by the relevant PRC laws and regulations. Based on the assessment performed by our Group, the outstanding shortfall amount during the Track Record and up to the Latest Practicable Date is approximately RMB25.4 million among which the shortfall of social insurance is RMB20.7 million, and that of housing provident fund is RMB4.7 million. As such, the aggregate maximum potential penalty to which we may be subject as a result of such non-compliance as of the Latest Practicable Date is approximately RMB62.1 million. Please refer to "Risk Factors – Risks Relating to Doing Business in the Jurisdictions Where We Operate – We may be required to make additional contributions of social insurance fund and/or housing provident fund and late payments and fines under PRC laws and regulations" in this document. As advised by our PRC Legal Advisers, the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions or be

subject to material administrative penalties is considered remote because: (i) as of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our previous unpaid contributions; (ii) we have obtained Special Credit Reports for Market Entities confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (iii) based on the interviews conducted by our PRC Legal Advisers with relevant competent authorities, the government agencies have confirmed that in the absence of large-scale employee complaints, they generally will not proactively initiate investigations into the previous unpaid social insurance or housing fund contributions. As of the Latest Practicable Date, we were not aware of any current unresolved employee complaints; (iv) we undertake to pay the shortfall within a prescribed time period if and when requested by the competent government authorities, Mr. Li, one of our Controlling Shareholders, has undertaken to fully compensate us for any economic losses or expenses that may arise from any required retroactive payments and/or administrative penalties related to these matters; and (v) on September 21, 2018, the Ministry of Human Resources and Social Security of the PRC issued the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Enforcement Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知), which prohibits local authorities from organizing and conducting centralized collection of enterprises' historical shortfall of social insurance contributions. Based on the above, we did not accrue any provision in respect of the shortfalls mentioned above during the Track Record Period.

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

As advised by our PRC Legal Adviser, the New Judicial Interpretation does not repeal or change the existing social insurance laws and regulations and therefore does not by itself increase our social insurance exposure, its impact on the Group's business, financial performance and position, as well as its operations and compliance with the relevant laws and regulations, is not significant. However, as PRC labor laws and regulatory guidance continue to evolve, we cannot assure how future developments may affect our operations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal costs, and our business, financial condition and results of operations could be materially and adversely affected. Based on the above, our Directors are of the view that the Interpretation II has no material adverse impact on our business operation or financial condition.

Non-registration of lease agreements

As of the Latest Practicable Date, we had not filed the lease agreement for registration with respect to two of the three leased properties in China. This is mainly because the direct lessor for such leased properties has not completed the required filing and registration of its head lease with the owner. As a result, and in accordance with the relevant regulations of the local authorities, we are unable to complete the filing and registration procedures for our sublease. According to the relevant PRC regulations, we may be ordered by the relevant

government authorities to register the lease agreement within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply, and, therefore, the aggregate maximum potential penalty which may be imposed to us as a result of such non-compliance would be RMB20,000. See "Risk Factors – Risks Relating to Our General Operations and Industry – We lease properties as premises primarily for our office spaces. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance."

Our office premises are equipped with firefighting equipment and have undergone regular fire safety inspections. If we need to seek alternative premises, we estimate that it will take approximately one to two months to select suitable alternative premises and complete the relocation process. The estimated annual costs associated with the relocation include approximately RMB170,000 for the rent of the new premises and approximately RMB24,000 for utilities and property management fees, respectively.

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

AWARDS AND RECOGNITIONS

The following table sets forth the details of some of the notable awards and recognitions which we have received:

	Award/Recognition
(1)	Advanced-Level Smart Factories in Sichuan Province for 2025 (四川省2025年度先進級智能工廠), received in 2025 by Sichuan Provincial Department of Economy and Information Technology
(2)	First Batch of Chain Leader Enterprises in Sichuan Province's Artificial Intelligence Industry Chain (首批四川省人工智能產業鏈主企業), received in 2025 by Sichuan Provincial Department of Science and Technology and Sichuan Development and Reform Commission
(3)	Chengdu Municipal-Level Industrial Design Center for 2025 (2025年度成都市市級工業設計中心), received in 2025 by Chengdu Municipal Bureau of Economy and Information Technology
(4)	List of Suppliers for Intelligent Transformation and Digital Upgrading of Manufacturing Industry in Sichuan Province (First Batch) (四川省製造業智能化改造數字化轉型供應商(第一批)名單), received in 2024 by Sichuan Provincial Department of Economy and Information Technology
(5)	Recognition as a Compliant Enterprise under the Industry Norms for Industrial Robots (2024 Edition) (符合《工業機器人行業規範條件(2024版)》), received in 2024 by Ministry of Industry and Information Technology of the People's Republic of China
(6)	Chengdu Academician-Expert Innovation Workstation (2023) (2023年成都市院士專家創新工作站), received in 2023 by Chengdu Academician (Expert) Innovation Workstation Promotion Office of Chengdu Association for Science and Technology
(7)	List of Leading Enterprises in Technological Innovation for 2022 (2022年度科技創新領軍企業名單), received in 2023 by People's Government of Sichuan Province

COMPLIANCE WITH INTERNATIONAL SANCTIONS AND EXPORT CONTROL LAWS AND REGULATIONS

International Sanctions

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

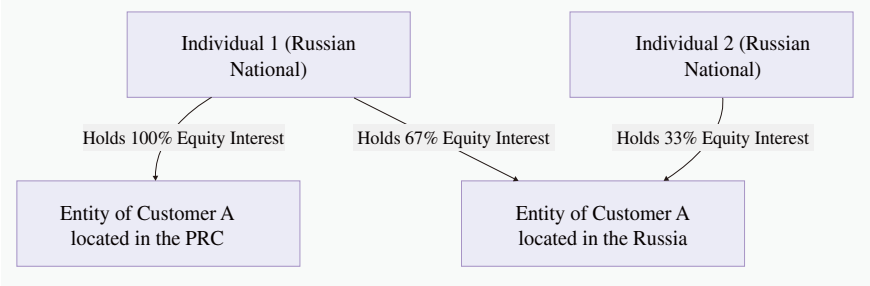
During the Track Record Period, we sold certain of our products to Russia, Serbia, Turkey and Ukraine (these countries are collectively referred as the "**Relevant Regions**", and each a "**Relevant Region**"). The table below sets forth a breakdown of our revenue generated from each of the Relevant Regions during the Track Record Period, comprising both direct sales to customers located in such regions and indirect sales identified by our Group through verifiable documentation:

	Year ended December 31,					
	2023		2024		2025[5]	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Russia[1]	23,108	10.4	17,318	7.4	7,671	2.4
Ukraine[2]	492	0.2	982	0.4	367	0.1
Serbia[3]	299	0.1	279	0.1	1,144	0.4
Turkey[4]	289	0.1	955	0.4	1,405	0.4
Total	**24,188**	**10.8**	**19,534**	**8.3**	**10,587**	**3.3**

Notes:

(1). Referring to our sales to Customer A (one of our five largest customers for the years ended 2023, 2024 and 2025, respectively). In 2023, transactions with Customer A were conducted through its Russia-based entity (a system integrator). In 2024 and 2025, transactions were conducted through another entity of Customer A located in the PRC (a distributor), which confirmed that such products were ultimately sold to Russia. For further details of transactions with Customer A, please refer to "– Sales, Marketing and Customers – Our Customers" above.

The following diagram illustrates the relationship between the entities of Customer A in Russia and the PRC:



(2). Sales relating to Ukraine primarily consist of six-axis industrial robots. These were made (i) directly to one end customer located in Ukraine, which, to the best knowledge of our Directors, is principally engaged in machining and metal structure manufacturing; (ii) directly to two system integrators based in Ukraine, which, to the best knowledge of our Directors, are engaged in system integration business in the industry chain; and (iii) to one distributor in China principally engaged in trading, with verifiable documentation confirming the products were ultimately sold to Ukraine through such distributor.

(3). Sales relating to Serbia primarily consist of six-axis industrial robots, collaborative robots, and embodied intelligent robots. Such sales were made directly to two system integrators based in Serbia. To the best knowledge of our Directors, one is principally engaged in robot integration for welding, stamping and loading and unloading in metal processing, while the other principally serves the machinery processing, metal structure manufacturing and industrial equipment sectors.

(4). Sales relating to Turkey primarily consist of six-axis industrial robots and collaborative robots. Such sales were made directly to three system integrators based in Turkey. To the best knowledge of our Directors, such customers are mainly engaged in system integration business in the industry chain.

(5). As of September 30, 2025 and up to the date of this document, we have ceased all sales to Russia, including both direct sales and indirect sales. We have also ceased all sales to Ukraine, Turkey and Serbia since January 1, 2026 and up to the date of this document.

As advised by our International Sanctions Legal Adviser, (i) the products shipped to the Relevant Regions are not subject to the EAR, nor are they subject to EU or UK export control regulations, and (ii) the transactions in the Relevant Regions did not have an US, EU or UK nexus, and therefore do not represent a violation of U.S., EU, or UK primary sanctions.

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

Due to our sales model, we have no systematic access to, and cannot verify, a full picture of end-customer information from the immediate downstream customers with whom we contract ("**Direct Downstream Customers**") for the sales of our products and we have limited means to track or identify subsequent or end customers (or other transaction participants involved) who obtain our products from these Direct Downstream Customers (when not acting as end customer) who are system integrators or distributors, including sales to Relevant Regions. This is mainly because:

- for system integrator customers, (a) we do not mandatorily require them to disclose such information; and (b) our system integrator customers are typically not willing to actively or positively provide us with comprehensive information regarding their end-customer identity, industry, or final application due to commercial and practical realities since we have the potential ability to further develop into a system integrator in the industry chain but for our strategy to remain focused on our role as a robotic product manufacturer. This potential strategic focus, however, reinforces our system integrator customers' view that end-customer information is a key commercial asset to be kept confidential from us; and

- for distributor customers, we typically do not require our distributor customers to provide end-customer information, mainly because (a) we operate under a buyer-seller model with distributors, whereby ownership of the products transfers upon delivery; (b) sales revenue is recognized when control passes to the distributor; (c) our distributor customers have the flexibility to determine their sales territory, and we do not grant exclusive rights, such as regional exclusivity rights, to our distributors; and (d) distributors are generally not subject to sales targets, price mandates, or restrictions on appointing sub-distributors. Consequently, once products are sold to distributors, our rights and practical ability to monitor or influence subsequent sales and end-use are limited.

As a result and as advised by our International Sanctions Legal Adviser, we may have exposure to U.S., EU, and UK secondary sanctions (but not United Nations nor Australia, as these sanctions programs do not have secondary sanctions risks), because we cannot accurately trace the final destination of products sold to Russian entities during the Track Record Period for which our sales cannot be accurately traced and the secondary sanctions could be imposed on historical sales during the Track Record Period. These transactions could be captured under Section 1(a)(i) of Executive Order 14024, which authorizes sanctions against persons operating in designated sectors of the Russian economy, such as manufacturing, engineering, technology, and electronics. U.S. guidance (FAQ 1126) interprets this broadly to include those who supply goods, services, or technology to these sectors. Therefore, our Russian-related sales likely fall within the scope of "U.S. Secondary Sanctionable Activity," potentially subjecting relevant operating entities to secondary sanctions risk. In addition, as advised by our International Sanctions Legal Adviser, as proscribed under U.S., EU and UK secondary sanctions, our sales to customers in Ukraine, Serbia and Turkey are not subject to the same secondary sanctions programs as Russia and therefore do not carry the corresponding secondary sanctions risks.

Based on written confirmations obtained from our customers involved in transactions relating to the Relevant Regions during the Track Record Period, each has confirmed and warranted that, during the Track Record Period and up to the Latest Practicable Date, they have not directly or indirectly exported, re-exported or transferred our products to any country or region subject to comprehensive economic sanctions, any sanctioned person or entity, or any Military End User (as defined under the EAR). They have also confirmed that they have not and will not use our products for any military purpose, support for terrorism, nuclear facilities, biological or chemical weapons, missiles, weapons of mass destruction, or similar prohibited purposes.

Furthermore, each has undertaken to take appropriate measures to comply with the above confirmations, representations and warranties. In the event that any of them fails to comply therewith, which may subject us to any governmental investigation or violation of applicable trade compliance laws and regulations, we have the right to suspend product deliveries to such customers or terminate the relevant cooperation without any liability. Such customer shall compensate us and indemnify and hold us harmless from and against any claims, demands, liabilities, losses or damages arising from any breach thereof. As advised by our International Sanctions Legal Adviser, these written confirmations and contract language are appropriate measures and are consistent with industry practice to verify that end users and end uses comply with international sanctions and export control programmes, as companies consistently rely on such written verifications and contractual terms that the Group has obtained to ensure sanctions compliance among system integrators or distributors.

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

Further, according to our International Sanctions Legal Adviser, there were no U.S. dollar transactions conducted with the Russian banks through which the payment was settled were placed on the SDN List. No other nexuses to the United States, the European Union, the United Kingdom or Australia have been involved in our sales to the Non-sanctioned Entity.

Starting in 2024, our receiving bank in China no longer accepts payments originating from Russia due to a broad shift in internal policies. After this change in policy, Customer A decided to establish a local entity in China to facilitate ongoing cooperation. Our Directors confirm that this transition was solely driven for these reasons and not driven by our intent to circumvent or violate any international laws or regulations including international sanctions and export control regulations, but was Customer A's unilateral decision.

Considering the specific facts noted below, our International Sanctions Legal Adviser is of the view that the following pre-sale written confirmations and after-sale inquiries are appropriate measures as they demonstrate consistent compliance efforts similar to other companies who sell through distributors:

Pre-sale written confirmations: Our customers involved in transactions relating to the Relevant Regions during the Track Record Period (including both the Russia-based entity and the PRC-based entity) have provided the Company with written confirmation and contractual language certifying that they have not sold to restricted end users or for restricted end uses.

After Sale Inquiries: To the best knowledge of our Directors, there is no indication that our products have been supplied to Comprehensively Sanctioned Countries, Sanctioned Targets, military end users, or used for military purposes, terrorism-related activities, or in connection with nuclear facilities, biological or chemical weapons, missiles, or other weapons of mass destruction.

Based on the pre-sale written confirmations and the after Sale inquiries, and the fact that we no longer have any direct sales to any entity in Russian and none of our Direct Downstream Customers is in Comprehensively Sanctioned Countries nor is there evidence to suggest that there are non-direct sales to Comprehensively Sanctioned Countries, as advised by our International Sanctions Legal Adviser, we believe (i) that the precautions described above are adequate and consistent with other companies who sell through distributors, (ii) after a review of the Company's customers locations and shipment locations, the secondary sanctions risk for us to become designated as an SDN under EO 14024 for sales to Russia, Ukraine, Serbia or Turkey or to be designated under the EU's or UK's secondary sanctions powers is relatively limited.

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

Based on the reasons and analysis above, our International Sanctions Legal Adviser is of the view that the overall secondary sanctions risk appears to be relatively limited for all sales to Relevant Regions.

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

Export Control

Trade restrictions imposed on certain chips we procured

During the Track Record Period, we did not directly procure any raw materials and components from suppliers located in the United States. However, we indirectly procured U.S.-origin products through our suppliers based in China. During the Track Record Period, we indirectly procured Digital Signal Processing (DSP) chips of U.S.-origin through PRC-based suppliers. The chips are classified under the EAR as ECCN 3A991 ("**3A991 Chips**") and other semiconductors controlled for Anti-Terrorism reasons. 3A991 Chips represent a very small portion of our overall product value. On average, the value of a single 3A991 Chip accounts for only 0.65% of the total value of a finished product of us, which is below 25% (the *de minimis* value threshold), thus, as advised by our International Sanctions Legal Adviser, our product is not subject to the EAR under the *de minimis* rule under Supplement No. 2 of Part 734. Our product is also not a foreign direct product of 3A991 Chips, thus relevant foreign direct product rules under the EAR are not applicable to cause our product to be subject to the EAR. In addition, from August 28, 2025 to November 25, 2025, we indirectly procured U.S.-origin parts and components through our direct transaction with a PRC-based supplier. The microcontroller products we procured from such supplier are classified under ECCN 3A991.a.2, while the analog switches we procured from such supplier fall under EAR99. For further details, please refer to "– Transaction with EL Parties" below.

We believe alternatives to the aforementioned U.S.-origin products we procure are available from non-U.S. suppliers. We have identified qualified alternative suppliers and plan to complete the verification of technical solutions for domestic substitution of U.S.-origin chips in 2026, after which we expect to be in a position to commence replacement of such products. During the Track Record Period and up to the Latest Practicable Date, no trade restrictions have caused any material disruption to our supply chain, business operations or financial performance. Further, we have not indirectly sourced any U.S.-origin products that require a BIS license subject to the EAR during the Track Record Period. As advised by our International Sanctions Legal Adviser, save as

disclosed above, we are not exposed to other trade restrictions related to chips we purchased during the Track Record Period. Please refer to "Risk Factor – Risks Relating to General Operations and Industry – Our business, financial condition and results of operations may be materially and adversely affected by international trade policies and international export controls and economic sanctions."

The EL parties

Based on Hogan Lovells' confirmation, the entities designated on the Entity List with which we had transactions since 1 January 2022 are as follows (collectively, "**EL Parties**"):

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

A PRC-based entity with which we transacted with was included in the Entity List on July 12, 2021 (the "**EL Party 2**"). Between July 28, 2025 and December 24, 2025, we procured certain laser devices and copper protective end caps from this entity. In the fourth quarter of 2025, we also sold six-axis industrial robot products directly to this entity. Based on consultation with Hogan Lovells, our Directors confirm that none of the items involved in the above transactions with EL Party 2 are subject to the EAR, and the export restrictions applicable to this entity as a party designated on the BIS Entity List are not implicated for us.

A PRC-based institute with which we transacted was included in the Entity List on June 5, 2020 (the "**EL Party 3**"). In the fourth quarter of 2025, we sold six-axis industrial robot products directly to this institute. Based on consultation with Hogan Lovells, our Directors confirm that none of the items involved in the above transactions with EL Party 3 are subject to the EAR, and the export restrictions applicable to such institute as a party designated on the BIS Entity List are not implicated for us.

A PRC-based entity was included in the Entity List on October 9, 2025, removed on November 12, 2025 (the "**EL Party 4**"). From August 28, 2025 to November 25, 2025, we procured various products, including microcontrollers and analog switches, from this entity in multiple batches. The microcontrollers and analog switches purchased on October 28, 2025 fell within the period during which this entity was placed on the Entity List. On July 10, 2025, the EL Party 4 issued a compliance commitment letter to us (the "**Compliance Commitment Letter**"), warranting that it would strictly comply with all applicable export control and economic sanctions laws of relevant jurisdictions, including those of China, the United States, the European Union, and Japan. The EL Party 4 further committed that if any items supplied to us were subject to export controls, particularly the export control regimes of the United States or the European Union, it would obtain any required export licenses, approvals, or authorizations from competent authorities and would promptly provide such licenses along with relevant classification information. Regarding the microcontroller and analog switch products delivered on October 28, 2025, the EL Party 4 confirmed to us on February 11, 2025 that the microcontroller products are classified under ECCN 3A991.a.2, while the analog switches fall under EAR99. The EL Party 4 also expressly confirmed to us that a BIS-issued export license was not required for supplying these products and confirmed that its transactions with us dated October 28, 2025 complied with the requirements of the EAR, which is concurred by our Directors and Hogan Lovells.

Accordingly, as advised by Hogan Lovells, (1) the export restrictions associated with the EL Parties' designation on the BIS Entity List are not implicated for us; and (2) no other purchases by our Group from suppliers during the Track Record Period are exposed to restriction as a result of designation on the Entity List.

Risk exposure and internal controls

As of September 30, 2025 and up to the date of this document, we have ceased all sales to Russia, including both direct sales and indirect sales. Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries or Russia. We will not knowingly or intentionally conduct any business with any Sanctioned Targets, or any business in any Comprehensively Sanctioned Countries or Russia that will cause us to violate International Sanctions, and we will not use the **[REDACTED]** from the **[REDACTED]** to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the **[REDACTED]** from the **[REDACTED]**, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Targets where this would be in breach of International Sanctions.

We have adopted enhanced internal control and risk management measures which we believe enable us to monitor and evaluate our business to address economic sanction risks. We have adopted the following additional internal control and risk management measures: (1) we will set up and maintain a separate bank account upon **[REDACTED]**, which will be designated for the sole purpose of the deposit and deployment of the **[REDACTED]** from the **[REDACTED]** or any other funds raised through the Stock Exchange; (2) to further enhance our existing internal risk management functions, our legal department is responsible for monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. Our legal department will hold a meeting biannually to monitor our exposure to sanctions risks and to review our procedures implemented over sanctions screening; (3) we will evaluate the sanctions risks prior to determining whether we should embrace any business opportunities in countries subject to International Sanctions or sanctions persons. Our management will review and approve all relevant business transaction documentation from customers or potential customers from countries subject to International Sanctions or sanctions persons. In particular, screening process will be implemented to identify if our potential transaction counterparty is a person or entity on the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations, the United Kingdom, the United Kingdom overseas territories or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available. The transactions that fail the internal review will not be proceeded. At the same time, our legal department will periodically review the existing customers and suppliers lists to ensure that we do not engage in transactions with countries, regions, entities or individuals on the sanction lists. If any potential sanctions risk or suspicious transaction is identified, including where the transactions (if any) may cause direct or indirect sales to Russia since we ceased transactions with Customer A on September 30, 2025 as mentioned above, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters; (4) our Directors will continuously monitor the **[REDACTED]** from the **[REDACTED]**, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Sanctioned Countries or Sanctioned Targets where this would be in breach of International Sanctions; (5) our legal department will review our internal control policies and procedures with respect to sanctions matters as part of the biannual meeting. As and when our legal department considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and (6) if necessary, we will engage external legal counsel to provide compliance training relating to the international sanctions to our Directors, our senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in our daily operations, in particular, to perform screening procedures in respect of counterparties to our Group's business to ensure none of them are Sanctioned Targets. We expect our external legal counsel to provide the latest list of Sanctioned Countries to our Directors, senior management and other relevant personnel, who will in turn disseminate such information internally.

Further, given the scope of the **[REDACTED]** and the expected **[REDACTED]** as set out in this document, our International Sanctions Legal Adviser is of the view that the risk of the involvement by parties in the **[REDACTED]** is relatively limited, and it will not likely implicate any applicable International Sanctions on such parties, including our Company and the Relevant Persons.

Tariffs-related Analysis

Procurement of U.S.-origin raw materials

During the Track Record Period, we did not directly procure any raw materials and components from suppliers located in the United States. However, we indirectly procured U.S.-origin products through our suppliers based in China. Our procurement amounts (excluding tax) for such U.S.-origin products were approximately RMB1.25 million, RMB1.86 million and RMB2.74 million in 2023, 2024 and 2025, respectively. Certain of the U.S.-origin chips we procured during the Track Record Period are subject to EAR, as further disclosed in the section entitled "– Export Control" above. We believe alternatives to the aforementioned U.S.-origin raw materials and components are available from non-U.S. suppliers. In addition, none of our customers during the Track Record Period specifically requested us to use U.S.-origin chips in our robots.

Exposure to tariffs and impact of trade tensions

During the Track Record Period, we have not engaged in any sales to the United States and therefore are not subject to U.S. tariffs. In addition, since 1 January 2026 and up to the Latest Practicable Date, we recorded sales to one customer in the United States with a transaction amount of approximately RMB170,000. U.S. tariffs applicable to this order are borne by the customer, and not by us. Based on the above, our Directors are of the view that the recent trade tensions, including U.S. tariff adjustments and China's countervailing tariffs, have not had, and are not expected to have, a material impact on our operations or financial performance. The Sole Sponsor is of the view that nothing material has come to its attention that would need to brought to the attention of the Stock Exchange. In addition, as disclosed in "– International Sanctions" above, due to our sales model, we do not have systematic access to, and cannot verify, complete end-customer information for the sales of our products, and we have limited means to track or identify subsequent or end customers (or other transaction participants involved) who obtain our products. Therefore, we cannot ascertain whether our products have been subject to tariffs after being sold by us to third parties.

Our Directors are of the view that risks related to U.S. sanctions or export control in respect of our use of U.S.-origin chips and components are minimal and are not expected to have a material adverse impact on the Group's business. Based on due diligence, nothing has come to the attention of the Sole Sponsor for it to reasonably cast doubt on the aforesaid view expressed by the Directors.

PATH TO IMPROVE OUR PROFITABILITY

We achieved revenue growth during the Track Record Period. Our revenue increased by 5.2% from RMB222.4 million for the year ended December 31, 2023 to RMB234.0 million for the year ended December 31, 2024, and further increased by 38.5% to RMB324.2 million for the year ended December 31, 2025.

For the years ended December 31, 2023, 2024 and 2025, our gross profit margin was 27.1%, 30.4% and 33.0%, respectively. We recorded net profit for the year ended December 31, 2023 at RMB1.7 million, while we incurred net loss for the year ended December 31, 2024 and 2025 at RMB12.9 million and RMB16.1 million, respectively.

Enriching and Expanding Our Products

Leveraging the success of our current offerings, we plan to further optimize our products to improve their adaptability, accuracy and efficiency, thereby enhancing our competitive edge. For example, we plan to further develop large and extra-large load products for automotive, electronics, new energy, and other scenarios, and continue building high-precision, high-safety, and real-time robot "brain" control platforms and key raw materials and components suitable for multiple industries and scenarios. We believe large and extra-large load robotic products are technically more demanding and reflect our advanced technological capabilities. They are primarily deployed in industries such as automotive, electronics and new energy, key sectors where leading global robotics players compete. These products typically command higher average selling prices, contributing to an improved product mix. However, their gross profit margins are not necessarily higher and are subject to ongoing optimization efforts. We also aim to introduce our products to a broader range of scenarios, with the goal of benefiting occupational groups that we have not covered or have rarely reached before. In the pan-industrial sector, we plan to expand robot technology applications into construction, agriculture, and other fields. In the commercial services field, we aim to extend robot applications to improve operational efficiency. For household scenarios, we plan to develop robots for daily chores, companionship, health monitoring, and emotional interaction to meet home-based elderly care needs. Through continuous innovation and synergy, we aim to offer a more comprehensive and industry-leading product portfolio that boosts user engagement, brand value, market reach and business growth. We expect that our expanding revenue sources will continue to improve operating results.

Expanding Customer Base

Customer recognition and satisfaction are key to our business sustainability and growth. We have established relatively long-term and stable relationships with our existing customers. During the Track Record Period, our customers comprised various leading enterprises in, among others, the automobile, electronics, and new energy sector. In addition to maintaining our existing customers, we also intend to expand our customer base, which is equally important to continue our revenue growth. Technological innovation is considered a crucial factor for our continuous development. By consistently iterating existing products and developing new products, our robotic products are crafted to lead industry standards and attract new customers through technical proficiency and scenario-based application capabilities. We also intend to increase our involvement in robotics industry events to demonstrate our innovated technological strengths and product technologies. Building upon our solid existing customer base, we will continue to enlarge our client base to drive our revenue growth.

Continued Enhancement of R&D Efficiency and Optimization of Cost Structure

We have streamlined our operations and maintained a reasonable size of management, operations and R&D teams. As of the Latest Practicable Date, we have developed a R&D team comprising of 141 personnel, including experts specializing in robotics, electronics, software, mechanical engineering, scenario application, algorithm and craftsmanship. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses were RMB36.0 million, RMB36.0 million and RMB48.9 million, respectively, accounting for 16.2%, 15.4% and 15.1% of our total revenue for the same years, respectively.

Going forward, we intend to continue enhancing our R&D efficiency by focusing on the advancement and upgrading of core technologies that are able to boost our product competitiveness and quickly achieve commercialization. We are also taking measures to optimize our cost structure and improve operational efficiency in various sectors. For example, we expect to improve our cost control capabilities benefiting from growing procurement volumes, and enhance our brand awareness as we gradually build our reputation. We also expect to maximize our product exposure by participating in influential third-party conferences and exhibitions, thereby improving the sales and marketing efficiencies.