

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial statements as set out in Appendix I to this document. Our consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards. You should read the whole Appendix I to this document and not rely merely on the information in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements, as a result of various factors, including but not limited to those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a renowned industrial robotics company in Chinese Mainland and have developed the first embodied AI deployed in injection molding scenarios in Chinese Mainland, according to Frost & Sullivan. We operate an integrated and self-developed business covering core robotic components and robot bodies and automation systems, rendering us a leader in the intelligent robotics value chain in Guangdong Province (廣東省智能機器人產業鏈「鏈主」企業) awarded by the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳). According to Frost & Sullivan, the profitability of our industrial robots and automation system business ranks among the leading levels in the industry. During the Track Record Period, we achieved gross profit of RMB254.1 million, RMB261.2 million, RMB245.5 million, and RMB107.9 million for this business line, respectively.

BASIS OF PREPARATION

The historical financial information has been prepared based on accounting policies which confirm with HKFRS Accounting Standards. In addition, the historical financial information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance. For the purpose of preparing and presenting the historical financial information, all HKFRS Accounting Standards that are effective for the accounting period commencing from January 1, 2025 have been adopted by our Group consistently throughout the Track Record Period. The preparation of the historical financial information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in the Note 5 to the Accountants’ Report in Appendix I to this Document.

In preparing the historical financial information, we have consistently adopted all applicable new and amended HKFRS Accounting Standards that effective from the financial year beginning on or after January, 1 2025 throughout all the years/periods presented except for any new or interpretation that are not yet effective. The material accounting policies applied in the preparation of the historical financial information have been consistently applied to all the years/periods presented. The details of the accounting policies used in the preparation of the historical financial information as set out in Note 3 to the Accountants’ Report in Appendix I to this Document.

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MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are affected by a number of factors, which primarily include the following:

R&D investment and technological capability

Our ability to continue investing in R&D activities, develop new technologies, design new products and enhance existing products is critical to our success. We have historically dedicated significant resources towards R&D. In 2023, 2024, 2025, and three months ended March 31, 2025 and 2026, we recorded R&D expenses of RMB138.0 million, RMB109.2 million, RMB130.4 million, RMB24.4 million, and RMB30.9 million, respectively. Particularly, in light of the nature of the industry and the demand for talent in the related disciplines, we believe that the ability to attract and retain a strong R&D team with the relevant knowledge, expertise and acumen is fundamental to our long-term technological capability. As of March 31, 2026, our R&D team consisted of 803 members, representing 37.8% of total employees. We believe our market success and financial performance will significantly depend on our ability to maintain our technological leadership. Going forward, in line with our strategies to build technological barriers in embodied AI and other important robotic components, we will continuously and increasingly invest in proprietary technology development and innovation to grow our competitive strengths against our peers.

Global expansion and the international operating environment

Our results of operations are significantly influenced by our ability to expand our footprint in overseas markets. During the Track Record Period, revenue generated from overseas markets accounted for 11.0%, 20.9%, 26.3%, and 26.6% of our total revenue, respectively. We expect overseas markets to continue to be a primary driver of our growth as we export our high-performance core products to targeted key regions such as Vietnam, Indonesia and Mexico. In addition, we recorded higher gross profit margin for our core businesses in overseas markets, including our industrial robots and automation systems, injection molding equipment and CNC machining centers, which were 42.4%, 45.9%, 46.6%, and 32.4% during the Track Record Period, respectively, reflecting strong profitability. While our expansion into overseas markets presents significant financial growth potential and diversifies our revenue streams, it also requires substantial investment in establishing local sales networks, managing supply chain and ensuring compliance with varying technical standards. Consequently, our ability to effectively manage overseas costs of sales and maintain competitive pricing while scaling globally will directly affect our gross margins and overall profitability.

Furthermore, our global operations expose our financial performance to macroeconomic and geopolitical complexities, particularly fluctuations in foreign exchange rates and international trade policies. As a portion of our revenue is denominated in foreign currencies (primarily USD), significant volatility in exchange rates may result in foreign exchange losses or affect the price competitiveness of our products abroad. Additionally, since the robotics industry is sensitive to changes in global trade dynamics, any adverse changes in trade protectionism measures, such as higher tariffs on high-tech equipment in our target markets and export controls on AI technologies or key raw materials, could materially and adversely affect our export volume and results of operations.

Our product and solution portfolio

Our ability to offer a comprehensive portfolio of industrial robot, injection equipment and CNC machining center products is one of the primary factors influencing our financial conditions and results of operations. During the Track Record Period, our primary product and solution categories included (i) industrial robots and automation systems, (ii) injection molding equipment, (iii) CNC machining centers and (iv) intelligent energy and environmental projects. Our industrial robot sales were approximately 7.2 thousand, 9.2 thousand, 10.4 thousand, 2.0 thousand, and 1.9 thousand units in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively, presenting a strong growth momentum. Our future success depends on our ability to anticipate industry trends and develop products with high-performance and differentiated design that meet the evolving demand of end customers in various application fields.

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During the Track Record Period, we adjusted our business strategy to prioritize core businesses, namely our (i) industrial robots and automation systems, (ii) injection molding equipment, (iii) CNC machining centers, and as a result, we progressively scaled down our business operation in the intelligent energy and environmental projects, which has always been an ancillary business developed to expand our customer base for core businesses. We primarily provide system integration for customers under this business, which generally carries a low gross margin. During the Track Record Period, the revenue contribution from our intelligent energy and environmental projects declined significantly, from 59.0% in 2023 to 42.8% in 2024, and 36.5% in 2025, and further to 5.6% in the three months ended March 31, 2026. Consequently, our gross profit margin subsequently increased from 14.6% in 2024 to 28.3% in 2025 and further to 32.5% in the three months ended March 31, 2026. Our product mix may further develop in response to the technological changes in the industries and markets to which our products are sold. If there are any significant changes in our product mix, our gross profit margin will be affected accordingly. However, fluctuations in product demand, shifts in market dynamics and evolving competitive pressures may impact our financial performance.

Demand from downstream market and market opportunities

Our business performance is affected by the downstream market size and customer demand for more advanced industrial robot, injection molding equipment and CNC machining centers. According to Frost & Sullivan, driven by breakthroughs in embodied AI technologies and expanding downstream demand, the market size of industrial robotic solutions in Chinese Mainland is projected to grow to RMB200.7 billion by 2030, representing a CAGR of 16.8% from 2025 to 2030. The global market size for embodied AI robots is projected to increase from RMB94.9 billion in 2025 to RMB408.4 billion in 2030, representing a CAGR of 33.9% from 2025 to 2030. In particular, the embodied AI robot market in Chinese Mainland is expected to reach RMB151.1 billion by 2030, accounting for 37.0% of the global market, with a CAGR of 34.5% from 2025 to 2030. Downstream market demand could be affected by a number of factors including macroeconomic conditions, technological advancements, and the evolving needs of end customers across various sectors. Our financial performance relies on our ability to innovate and develop products that align with the latest technological trends and customer preferences.

Raw materials and supply chain management

Our results of operations and profitability are significantly affected by the availability and cost of raw materials and core components. Our raw material and components primarily consist of steel, wires and cables, control system, castings, and motors and drives, which collectively accounted for approximately 94.0%, 92.7%, 92.3% and 90.1% of our total cost of sales in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively.

We are exposed to fluctuations in the market prices of these raw materials, which may be driven by changes in global economic conditions, supply and demand dynamics, and geopolitical factors. While we generally strive to pass on potential increases in raw material costs to our customers, our ability to do so depends on our market power and the competitive landscape. A significant increase in raw material prices that we are unable to pass on to our customers could materially and adversely affect our gross profit margin and results of operations. To mitigate these risks, we have implemented supply chain management policies, including maintaining safety inventory levels, diversifying our supplier base, and engaging in strategic localization of key component procurement.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Certain accounting policies are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. See Note 4 to the Accountants’ Report in Appendix I to this Document. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB’000	%	RMB’000	%	RMB’000	%	RMB’000	%	RMB’000	%
	<i>(unaudited)</i>									
Revenue	4,552,706	100.0	2,871,636	100.0	2,510,081	100.0	362,014	100.0	537,683	100.0
Cost of sales	(3,749,547)	(82.4)	(2,452,530)	(85.4)	(1,800,860)	(71.7)	(245,754)	(67.9)	(362,974)	(67.5)
Gross profit	803,159	17.6	419,106	14.6	709,221	28.3	116,260	32.1	174,709	32.5
Other income	63,540	1.4	48,598	1.7	59,893	2.4	8,600	2.4	21,989	4.1
Selling and distribution expenses	(211,257)	(4.6)	(186,712)	(6.5)	(187,033)	(7.5)	(38,566)	(10.7)	(57,354)	(10.7)
Research and development expenses	(137,997)	(3.0)	(109,170)	(3.8)	(130,352)	(5.2)	(24,436)	(6.8)	(30,912)	(5.7)
Administrative expenses	(201,210)	(4.4)	(211,824)	(7.4)	(242,845)	(9.7)	(39,324)	(10.9)	(52,764)	(9.8)
(Provision for)/reversal of expected credit loss (“ECL”)	(65,740)	(1.4)	(86,895)	(3.0)	(59,115)	(2.4)	(7,359)	(2.0)	13,932	2.6
Other expenses	(66,278)	(1.5)	(58,973)	(2.1)	(50,922)	(2.0)	(5,231)	(1.4)	(6,529)	(1.2)
Finance costs	(59,751)	(1.3)	(60,024)	(2.1)	(21,864)	(0.9)	(7,775)	(2.1)	(4,636)	(0.9)
Share of result of associates	(164)	(0.0)	(942)	(0.0)	203	0.0	(237)	(0.1)	(2,765)	(0.5)
Profit/(loss) before tax	124,302	2.7	(246,836)	(8.6)	77,186	3.1	1,932	0.5	55,670	10.4
Income tax (expense)/credit	(18,310)	(0.4)	7,884	0.3	(4,045)	(0.2)	(2,730)	(0.8)	(12,825)	(2.4)
Profit/(loss) for the year	105,992	2.3	(238,952)	(8.3)	73,141	2.9	(798)	(0.2)	42,845	8.0

Revenue

We mainly generate revenues from (i) industrial robots and automation system, (ii) injection molding equipment, (iii) CNC machining centers and (iv) intelligent energy and environmental projects. In addition to revenue generated from sales of products and services, we also generate revenue from rental income derived from our investment properties, which our Directors consider to form part of the ordinary course of business of our Group.

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Revenue by Business Lines

The following table sets forth a breakdown of our revenue by business lines, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Types of goods and services:										
Industrial Robots and										
Automation Systems	968,532	21.3	754,930	26.3	685,139	27.3	177,646	49.1	321,888	59.9
Injection Molding Equipment	430,796	9.5	511,215	17.8	498,686	19.9	97,726	27.0	109,668	20.4
Computer Numerical Control										
(CNC) Machining Centers . .	349,056	7.7	308,164	10.7	325,053	12.9	32,677	9.0	53,115	9.9
Intelligent Energy and										
Environmental Projects . . .	2,685,951	59.0	1,229,495	42.8	915,312	36.5	38,882	10.7	30,351	5.6
Others ⁽¹⁾	105,074	2.2	45,754	1.6	48,591	1.9	7,531	2.1	12,756	2.4
Subtotal	4,539,409	99.7	2,849,558	99.2	2,472,781	98.5	354,462	97.9	527,778	98.2
Revenue from other source:										
Rental income	13,297	0.3	22,078	0.8	37,300	1.5	7,552	2.1	9,905	1.8
Total	4,552,706	100.0	2,871,636	100.0	2,510,081	100.0	362,014	100.0	537,683	100.0

Note:

(1) Others primarily include sales of spare parts and rendering repair services.

During the Track Record Period, the movement of our revenue was in line with our strategic focus on strengthening our core businesses, industrial robots and automation systems, injection molding equipment and CNC machining centers. We are scaling down our offering of intelligent energy and environmental projects business line. Unlike our other product offerings, this business line is more project-oriented in nature, relying heavily on field implementation with limited scalability, which distinguishes from our core business model.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our revenue increased by 48.5% from RMB362.0 million in the three months ended March 31, 2025 to RMB537.7 million in the three months ended March 31, 2026, which was primarily attributable to the following fluctuations.

- Revenue generated from industrial robots and automation systems increased by 81.2% from RMB177.6 million in the three months ended March 31, 2025 to RMB321.9 million in the three months ended March 31, 2026, primarily attributable to an increase in the sales volume of our automation systems from approximately 0.3 thousand sets in the three months ended March 31, 2025 to 1.0 thousand sets in the three months ended March 31, 2026, as our continued focus on serving key account customer in the consumer electronics industry enabled us to deepen our understanding of their production processes and application requirements, leading to greater customer recognition of our products.
- Revenue generated from injection molding equipment increased by 12.2% from RMB97.7 million in the three months ended March 31, 2025 to RMB109.7 million in the three months ended March 31, 2026, primarily due to higher sales volume for the injection molding equipment, from 4.5 thousand units in the three months ended March 31, 2025 to 5.1 thousand units in the three months ended March 31, 2026, driven by the optimization of our sales strategies and the improvement in our product performance.

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- Revenue generated from CNC machining centers increased by 62.5% from RMB32.7 million in the three months ended March 31, 2025 to RMB53.1 million in the three months ended March 31, 2026, primarily attributable to an increase in the sales volume of CNC machining centers from 35 units in the three months ended March 31, 2025 to 49 units in the three months ended March 31, 2026, primarily as a result of the increased demand from manufacturers of key robotic components, driven by the rapid growth of the humanoid robots industry.
- Revenue generated from intelligent energy and environmental projects decreased by 21.9% from RMB38.9 million in the three months ended March 31, 2025 to RMB30.4 million in the three months ended March 31, 2026, in line with our strategy to progressively scale down this business line. See “Business — Our Products — Intelligent Energy and Environmental Projects” for details.
- Revenue generated from others increased by 69.4% from RMB7.5 million in the three months ended March 31, 2025 to RMB12.8 million in the three months ended March 31, 2026, primarily driven by the one-off consulting services provided during the period to a subsidiary of the joint venture company established with one of our key account customers, in relation to the early-stage operational planning of its production equipment.
- Revenue generated from rental income increased by 31.2% from RMB7.6 million in the three months ended March 31, 2025 to RMB9.9 million in the three months ended March 31, 2026, primarily due to the commencement of new rental facilities and improvement of our occupancy rate.

Comparison between 2025 and 2024. Our revenue decreased by 12.6% from RMB2,871.6 million in 2024 to RMB2,510.1 million in 2025, which was primarily attributable to the following fluctuations.

- Revenue generated from industrial robots and automation systems decreased by 9.2% from RMB754.9 million in 2024 to RMB685.1 million in 2025, primarily attributable to a decline in sales volume of our automation systems from approximately 1.8 thousand sets in 2024 to 1.3 thousand sets in 2025, as we strategically reduced order acceptance from other downstream industries to concentrate resources on key account customers in the consumer electronics industry;
- Revenue generated from injection molding equipment remained relatively stable at RMB511.2 million in 2024 and RMB498.7 million in 2025;
- Revenue generated from CNC machining centers increased by 5.5% from RMB308.2 million in 2024 to RMB325.1 million in 2025 primarily because (i) our revenue from this business line was relatively low in 2024 as our production and delivery schedule was adversely affected by the relocation of Dongguan AFMING’s manufacturing operations in March 2024 (the “**Relocation**”), which temporarily disrupted operational capacity and (ii) demand from manufacturers of key robotic components increased, driven by the rapid growth of the humanoid robots industry; See “Business — Production — Our Production Base”.
- Revenue generated from intelligent energy and environmental projects decreased by 25.6% from RMB1,229.5 million in 2024 to RMB915.3 million in 2025, in line with our strategy to progressively scale down this business line. See “Business — Our Products — Intelligent Energy and Environmental Projects” for details;

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- Revenue generated from others remained relatively stable at RMB45.8 million in 2024 and RMB48.6 million in 2025 increase; and
- Rental income increased by 68.9% from RMB22.1 million in 2024 to RMB37.3 million in 2025 primarily attributable to the commencement of operations at new production base, which enabled us to lease our former production bases.

Comparison between 2024 and 2023. Our revenue decreased by 36.9% from RMB4,552.7 million in 2023 to RMB2,871.6 million in 2024, which was primarily attributable to the following fluctuations.

- Revenue generated from industrial robots and automation systems decreased by 22.1% from RMB968.5 million in 2023 to RMB754.9 million in 2024 primarily attributable to a decline in sales volume of our automation systems from approximately 2.5 thousand sets in 2023 to 1.8 thousand sets in 2024, as we strategically reduce certain customized orders acceptance and strategically focused on serving key account customers for deepening our understanding of their production processes in order to deliver more higher value-added products with higher gross margin, in line with our strategy to enhance profitability;
- Revenue generated from injection molding equipment increased by 18.7% from RMB430.8 million in 2023 to RMB511.2 million in 2024, which was primarily attributable to increased demand from downstream industry customers, leading to higher sales volume, together with growth in overseas sales;
- Revenue generated from CNC machining centers decreased by 11.7% from RMB349.1 million in 2023 to RMB308.2 million in 2024, which was primarily attributable to the Relocation, which adversely affected our overall production and delivery schedule;
- Revenue generated from intelligent energy and environmental projects decreased significantly by 54.2% from RMB2,686.0 million in 2023 to RMB1,229.5 million in 2024, in line with our strategy to progressively scale down this business line. See “Business — Our Products — Intelligent Energy and Environmental Projects” for details;
- Revenue generated from others decreased by 56.4% from RMB105.1 million in 2023 to RMB45.8 million in 2024, which was primarily attributable to decrease in the revenue generated from sales of spare parts; and
- Rental income increased by 66.2% from RMB13.3 million in 2023 to RMB22.1 million in 2024, primarily attributable to the commencement of operations at new production base, which enabled us to lease out former production bases.

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Revenue by Geographic Markets

During the Track Record Period, we sold our products in Chinese Mainland and overseas markets. The following table sets forth a breakdown of our revenue by geographic markets, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Geographical markets										
Chinese Mainland	4,049,993	89.0	2,270,988	79.1	1,850,278	73.7	318,814	88.1	394,838	73.4
Vietnam	413,755	9.0	505,327	17.6	364,542	14.5	11,940	3.3	99,699	18.5
Indonesia	1,316	0.0	10,094	0.4	158,741	6.3	–	0.0	14,970	2.8
Others ⁽¹⁾	87,632	1.9	85,227	3.0	136,520	5.4	31,260	8.6	28,176	5.2
Total	4,552,706	100.0	2,871,636	100.0	2,510,081	100.0	362,014	100.0	537,683	100.0

Note:

(1) Others mainly include Thailand, India and Singapore.

Chinese Mainland. Revenue generated from Chinese Mainland decreased from RMB4,050.0 million in 2023 to RMB2,271.0 million in 2024 and further decreased to RMB1,850.3 million in 2025, in line with our strategy to progressively scale down the intelligent energy and environmental projects business line in Chinese Mainland. Please see “— Major Factors Affecting our Results of Operations — Our product and solution portfolio.” As a result, revenue generated from Chinese Mainland exhibited a decreasing trend from 2023 to 2025. Our revenue generated from Chinese Mainland increased from RMB318.8 million in the three months ended March 31, 2025 to RMB394.8 million in the three months ended March 31, 2026, primarily due to (i) the increase sales of automation system to key account customer in the consumer electronics industry in Chinese Mainland and (ii) increased domestic demand for CNC machine centers.

Overseas. Our overseas markets mainly include Vietnam and Indonesia. Revenue generated from overseas markets increased from RMB502.7 million in 2023 to RMB600.6 million in 2024, primarily due to the delivery of several intelligent energy and environmental projects in Vietnam. In 2025, revenue from overseas markets increased to RMB659.8 million from RMB600.6 million in 2024, primarily due to the delivery of several intelligent energy and environmental projects in Indonesia. Our revenue generated from overseas markets increased from RMB43.2 million in the three months ended March 31, 2025 to RMB142.8 million in the three months ended March 31, 2026, primarily due to the delivery of automation systems to key account customer in the consumer electronics industry in Vietnam.

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Revenue by Downstream Industries

The following table sets forth a breakdown of our revenue by downstream industries for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Consumer electronics	1,094,185	24.0	1,077,217	37.5	1,213,095	48.3	163,309	45.1	342,950	63.8
New energy	2,354,129	51.7	582,388	20.3	193,970	7.7	42,226	11.7	867	0.2
Automotive	211,452	4.6	175,480	6.1	203,149	8.1	29,709	8.2	34,808	6.5
Home appliance	133,436	2.9	144,494	5.0	100,045	4.0	14,580	4.0	15,599	2.9
Others	759,504	16.7	892,057	31.1	799,822	31.9	112,190	31.0	143,459	26.7
Total	4,552,706	100.0	2,871,636	100.0	2,510,081	100.0	362,014	100.0	537,683	100.0

Our revenue generated from consumer electronics industry increased from RMB1,077.2 million in 2024 to RMB1,213.1 million in 2025, and increased from RMB163.3 million in the three months ended March 31, 2025 to RMB343.0 million in the three months ended March 31, 2026, in line with our strategy to concentrate resources on key account customers in the consumer electronics industry. Our revenue generated from new energy industry continued to decrease during the Track Record Period, from RMB2,354.1 million in 2023 to RMB582.4 million in 2024 and further to RMB194.0 million in 2025, in line with our strategy to progressively scale down the business of intelligent energy and environmental projects, whose customers are predominantly from the new energy industry.

Cost of Sales

Our cost of sales primarily includes (i) raw materials and components and (ii) subcontracting costs, which represents costs incurred in connection with our subcontracting arrangement including component or module assembly, testing and packaging for our intelligent energy and environmental projects and our automation systems. The following table sets forth a breakdown of our cost of sales by nature, in absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Raw materials and components										
– Raw materials	2,090,592	55.8	1,569,363	64.0	1,082,438	60.1	152,679	62.1	313,082	86.3
– Subcontracting costs	1,434,078	38.2	702,980	28.7	578,896	32.2	71,719	29.2	13,658	3.8
	3,524,670	94.0	2,272,343	92.7	1,661,334	92.3	224,398	91.3	326,741	90.1
Labor costs	104,452	2.8	63,940	2.6	41,196	2.3	5,803	2.4	11,414	3.1
Other costs	120,425	3.2	116,247	4.7	98,330	5.5	15,553	6.3	24,820	6.8
Total	3,749,547	100.0	2,452,530	100.0	1,800,860	100.0	245,754	100.0	362,974	100.0

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Our raw materials and components primarily consist of steel, wires and cables, control system, castings, and motors and drives. The costs of raw materials and components were the largest component of our cost of sales, accounting for 94.0%, 92.7%, 92.3%, 91.3%, and 90.1% of our cost of sales in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively. The fluctuation in our cost of sales during the Track Record Period was primarily attributable to the adjustment of our business strategy to prioritize high-margin core business lines to enhance our profitability in the long run. The fluctuation in cost of sales generally follows the movement in our revenue.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. As a result of the foregoing, we recorded gross profit of RMB803.2 million, RMB419.1 million, RMB709.2 million, RMB116.3 million, and RMB174.7 million in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively, representing gross profit margin of 17.6%, 14.6%, 28.3%, 32.1%, and 32.5%, respectively, in the same periods.

Gross Profit and Gross Profit Margin by Types of Goods and Services

The following table sets forth a breakdown of our gross profit and gross profit margin by types of goods and services for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
(unaudited)										
Types of goods and services:										
Industrial Robots and										
Automation Systems	254,085	26.2	261,187	34.6	245,542	35.8	65,290	36.8	107,896	33.5
Injection molding equipment	147,511	34.2	167,417	32.7	198,115	39.7	41,446	42.4	39,362	35.9
Computer Numerical Control (CNC) Machining Centers	110,515	31.7	91,993	29.9	84,044	25.9	6,512	19.9	12,327	23.2
Intelligent Energy and Environmental Projects	225,300	8.4	(143,375)	(11.7)	134,308	14.7	(4,501)	(11.6)	1,394	4.6
Others ⁽¹⁾	56,919	54.2	26,879	58.7	27,785	57.2	3,894	51.7	8,884	69.6
Subtotal/Overall	794,332	17.5	404,100	14.2	689,794	27.9	112,641	31.8	169,863	32.2
Revenue from other source:										
Rental income	8,827	66.4	15,006	68.0	19,427	52.1	3,619	47.9	4,846	48.9
Total/Overall	803,159	17.6	419,106	14.6	709,221	28.3	116,260	32.1	174,709	32.5

Note:

- (1) Others primarily include sales of spare parts and rendering repair services.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our gross profit increased by 50.3% from RMB116.3 million in the three months ended March 31, 2025 to RMB174.7 million in the three months ended March 31, 2026, which was primarily due to the followings.

- Gross profit of industrial robots and automation systems increased by 65.3% from RMB65.3 million in the three months ended March 31, 2025 to RMB107.9

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million in the three months ended March 31, 2026, and the gross profit margin of this business line decreased from 36.8% to 33.5%, primarily due to an increase in the sales of automation systems from approximately 0.3 thousand sets in the three months ended March 31, 2025 to 1.0 thousand sets in the three months ended March 31, 2026, which generally command a lower gross profit margin compared to industrial robots.

- Gross profit of injection molding equipment decreased by 5.0% from RMB41.4 million in the three months ended March 31, 2025 to RMB39.4 million in the three months ended March 31, 2026, and the gross profit margin of this business line decreased from 42.4% to 35.9%, primarily due to a change in our product mix, as the sales of our injection molding machines, which generally command a lower gross profit margin, increased at a faster rate than the sales of our higher-margin ancillary equipment during the period.
- Gross profit of CNC machining centers increased by 89.3% from RMB6.5 million in the three months ended March 31, 2025 to RMB12.3 million in the three months ended March 31, 2026, and the gross profit margin of this business line increased from 19.9% to 23.2%, primarily due to economies of scale arising from higher sales volume during the period, which resulted in a lower average unit cost of our CNC machining centers.
- Our intelligent energy and environmental projects business turned from a gross loss of RMB4.5 million in the three months ended March 31, 2025 to a gross profit of RMB1.4 million in the three months ended March 31, 2026, and we recorded gross loss margin of 11.6% and gross profit margin of 4.6%, respectively. The gross loss in the three months ended March 31, 2025 was primarily due to settlement losses on projects in the same period of the prior year. This turnaround is primarily due to (i) our deliberate strategy of exercising stricter selection criteria in order acceptance, prioritizing projects with more favorable profit margin over volume-driven revenue growth in line with our strategy focus on sustainable profitability and (ii) we implemented refined cost management measures including more rigorous cost controls across full project lifecycle, from tendering and budgeting through execution, dynamic cost monitoring and post-completion settlement;
- Gross profit of others increased by 128.1% from RMB3.9 million in the three months ended March 31, 2025 to RMB8.9 million in the three months ended March 31, 2026, and the gross profit margin of others increased from 51.7% to 69.6%, primarily driven by an increased contribution from the one-off consulting services provided during the period to a subsidiary of the joint venture company established with one of our key account customers, in relation to the early-stage operational planning of its production equipment, which carry a higher gross profit margin.
- Gross profit of rental income increased by 33.9% from RMB3.6 million in the three months ended March 31, 2025 to RMB4.8 million in the three months ended March 31, 2026, in line with the growth of our rental income. Our gross profit margin of rental income remained relatively stable at 47.9% and 48.9% for the same periods.

Comparison between 2025 and 2024. Our gross profit increased by 69.2% from RMB419.1 million in 2024 to RMB709.2 million in 2025, and our gross profit margin increased from 14.6% to 28.3% for the same periods, primarily due to the followings.

- Gross profit of industrial robots and automation systems remained relatively stable at RMB261.2 million in 2024 and RMB245.5 million in 2025, and the gross profit margin of this business line remained relatively stable at 34.6% and 35.8% for the same periods;
- Gross profit of injection molding equipment increased by 18.3% from RMB167.4 million in 2024 to RMB198.1 million in 2025, and the gross profit margin of this

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business line increased from 32.7% to 39.7% for the same periods, primarily due to a change in our product mix, where we achieved an increase in the sales volume of high-margin ancillary equipment and automated feeding systems;

- Gross profit of CNC machining centers decreased by 8.7% from RMB92.0 million in 2024 to RMB84.0 million in 2025, and the gross profit margin of this business line decreased from 29.9% to 25.9% for the same periods, primarily because we received increasing orders of small-sized CNC machining center, such as the GMU400 Gear Cradle-Type, from manufacturers of humanoid robot components, while such product type generally carries lower gross profit margin as compared to our medium- and large-sized CNC machining centers;
- Our intelligent energy and environmental projects business turned from a gross loss of RMB143.4 million in 2024 to a gross profit of RMB134.3 million in 2025, and we recorded gross loss margin of 11.7% in 2024 and recorded gross profit margin of 14.7% in 2025. This turnaround is primarily due to (i) our deliberate strategy of exercising stricter selection criteria in order acceptance, prioritizing projects with more favorable profit margin over volume-driven revenue growth in line with our strategy focus on sustainable profitability and (ii) we implemented refined cost management measures including more rigorous cost controls across full project lifecycle, from tendering and budgeting through execution, dynamic cost monitoring and post-completion settlement;
- Gross profit of others remained relatively stable at RMB26.9 million in 2024 and RMB27.8 million in 2025. Our gross profit margin of others remained relatively stable at 58.7% and 57.2%;
- Gross profit of rental income increased by 29.3% from RMB15.0 million in 2024 to RMB19.4 million in 2025, in line with the growth of our rental income. Our gross profit margin of rental income decreased from 68.0% to 52.1% in the same periods, primarily due to the relatively lower rental rates of newly leased properties in 2025.

Comparison between 2024 and 2023. Our gross profit decreased by 47.8% from RMB803.2 million in 2023 to RMB419.1 million in 2024, and our gross profit margin decreased from 17.6% to 14.6% in the same years, primarily due to the followings.

- Gross profit of industrial robots and automation systems remained relatively stable at RMB254.1 million in 2023 and RMB261.2 million in 2024, while the gross profit margin of this business line increased significantly from 26.2% to 34.6% in the same years primarily due to (i) an increase in the sales volume of industrial robots from 7.2 thousand units in 2023 to 9.2 thousand units in 2024, which generally command a higher gross profit margin and (ii) the adoption of stricter selection criteria for our automation system business in 2024, under which we selectively declined lower-margin orders;
- Gross profit of injection molding equipment increased by 13.5% from RMB147.5 million in 2023 to RMB167.4 million in 2024 in line with our revenue growth for this business line, while the gross profit margin of this business line remained relatively stable at 34.2% and 32.7% in the same years;
- Gross profit of CNC machining centers decreased by 16.8% from RMB110.5 million in 2023 to RMB92.0 million in 2024, and the gross profit margin of this business line remained relatively stable at 31.7% and 29.9% in the same years. The decrease in gross profit was primarily due to the decrease in our revenue from this business line resulted by the Relocation, which adversely affected our overall production and delivery schedule;
- Our intelligent energy and environmental projects business turned from a gross profit of RMB225.3 million in 2023 to a gross loss of RMB143.4 million in 2024, primarily due to the adjustment of our business strategy to prioritize our core businesses, including industrial robots and automation systems, injection

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molding equipment and CNC machining centers, to enhance our profitability in the long run, and as a result, we progressively scaled down our business operation in the intelligent energy and environmental projects business. We recorded gross profit margin of 8.4% in 2023 and recorded gross loss margin of 11.7% in 2024. In 2024, customers in the photovoltaic and lithium battery industries experienced operating challenges, such as intensified competition, overcapacity and financial strain. As a result, our gross profit position in 2023 was turned into a gross loss position in 2024 primarily because (i) the acceptance cycles of our relevant previous projects were prolonged, with additional costs incurred, including ongoing fixed operating expenses and project-related labor and after-sales costs, to fulfill the additional and stricter acceptance requirements from these customers, and (ii) the project settlement processes were also adversely impacted;

- Gross profit of others decreased by 52.8% from RMB56.9 million in 2023 to RMB26.9 million in 2024 in line with the decrease of our revenue generated from others. Our gross profit margin of others remained relatively stable at 54.2% in 2023 and 58.7% in 2024;
- Gross profit of rental income increased by 70.0% from RMB8.8 million in 2023 to RMB15.0 million in 2024, in line with our revenue growth from rental income. Our gross profit margin of rental income remained relatively stable at 66.4% in 2023 and 68.0% in 2024.

Other Income

Our other income primarily comprises (i) government grants, (ii) bank interest income, (iii) fair value gain on financial assets at FVTPL and (iv) sundry income. The following table sets forth a breakdown of our other income, in absolute amounts and as percentages of our total other income, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Bank interest income	19,556	30.8	15,563	32.0	17,507	29.2	2,937	34.2	4,328	19.7
Other interest income	76	0.1	971	2.0	1,359	2.3	90	1.0	470	2.1
Government grants										
– reclass from deferred income	8,206	12.9	7,350	15.1	9,476	15.8	961	11.2	1,334	6.1
– related to expenses	22,634	35.6	13,628	28.0	24,425	40.8	2,392	27.8	2,462	11.2
Fair value gain on financial assets at FVTPL	6,803	10.7	7,058	14.6	4,795	8.0	1,256	14.6	12,907	58.7
Sundry Income	6,265	9.9	4,028	8.3	2,331	3.9	964	11.2	488	2.2
Total	63,540	100.0	48,598	100.0	59,893	100.0	8,600	100.0	21,989	100.0

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our other income increased from RMB8.6 million in the three months ended March 31, 2025 to RMB22.0 million in the three months ended March 31, 2026, primarily attributable to an increase in fair value gain on financial assets at FVTPL, which was primarily attributable to a debt-to-equity conversion completed with a customer during the period, under which we derecognized the relevant receivable and recognized the equity interest received at its fair value, resulting in a gain representing the difference between the fair value of the equity interest and the carrying amount of the receivable forgone.

Comparison between 2025 and 2024. Our other income increased by 23.3% from RMB48.6 million in 2024 to RMB59.9 million in 2025, which is primarily attributable to an increase in government grants related to technology R&D and innovation, industrial support, and foreign trade, as well as receipt of tax incentives.

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Comparison between 2024 and 2023. Our other income decreased by 23.5% from RMB63.5 million in 2023 to RMB48.6 million in 2024, which is primarily attributable to a decrease in government grants related to R&D, industrial support, and foreign trade.

Selling And Distribution Expenses

Our selling and distribution expenses primarily comprise (i) employee benefits for selling personnels, (ii) agency service fee, (iii) maintenance fee, (iv) travel expenses, (v) business entertainment expenses, (vi) advertising and promotion expenses, (vii) office expenses and rental expenses and (viii) others. The following table sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as percentages of our total selling and distribution expenses, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee benefits for selling personnels	97,025	45.9	87,417	46.8	77,241	41.3	16,178	41.9	24,141	42.1
Agency service fee ⁽¹⁾	56,789	26.9	46,872	25.1	58,435	31.2	11,613	30.1	19,028	33.2
Maintenance fee	15,074	7.1	10,093	5.4	13,124	7.0	760	2.0	4,870	8.5
Travel expenses	14,239	6.7	13,765	7.4	9,859	5.3	2,701	7.0	2,448	4.3
Business entertainment expenses	8,430	4.0	6,651	3.6	6,232	3.3	1,010	2.6	1,477	2.6
Advertising and promotion expenses	4,402	2.1	5,790	3.1	8,345	4.5	1,034	2.7	2,091	3.6
Office expenses and rental expenses	4,362	2.1	5,250	2.8	2,750	1.5	1,640	4.3	718	1.3
Others ⁽²⁾	10,936	5.2	10,874	5.8	11,047	5.9	3,630	9.4	2,581	4.4
Total	211,257	100.0	186,712	100.0	187,033	100.0	38,566	100.0	57,354	100.0

Notes:

- (1) Agency service fees primarily represent commissions paid to third-party agents for facilitating sales and procuring customers for our products, as well as fees incurred for participation in overseas industry exhibitions organized or coordinated through such agents, including plastic and rubber exhibitions held in Thailand and Vietnam and the FBC ASEAN exhibition in Vietnam, to promote our products and expand our market presence in overseas markets.
- (2) Others primarily include depreciation and amortization and transportation charges.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our selling and distribution expenses increased from RMB38.6 million in the three months ended March 31, 2025 to RMB57.4 million in the three months ended March 31, 2026, primarily due to (i) an increase in employee benefits for sales personnels as we expanded our sales and marketing team and (ii) an increase in agency service fee resulted from an increased commissions to third-party agents in line with our revenue growth.

Comparison between 2025 and 2024. Our selling and distribution expenses remained relatively stable at RMB186.7 million in 2024 and RMB187.0 million in 2025.

Comparison between 2024 and 2023. Our selling and distribution expenses decreased by 11.6% from RMB211.3 million in 2023 to RMB186.7 million in 2024, which is in line with the contraction of our intelligent energy and environmental projects business operation in accordance with the adjustment of our business strategy.

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Research and Development Expenses

Our research and development expenses mainly comprise (i) employee benefits for research and development personnels, which represent employee costs of research and development personnel involved in our research and development projects during the relevant period, (ii) material and consumables, (iii) depreciation and amortization and (iv) others. The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of our total research and development expenses, for the periods indicated.

	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(unaudited)									
Employee benefits for research and development personnels	78,845	57.2	79,051	72.4	90,237	69.2	17,990	73.6	22,424	72.5
Material and consumables . .	42,400	30.7	16,443	15.1	29,090	22.3	4,154	17.0	4,764	15.4
Depreciation and amortization	3,205	2.3	3,297	3.0	3,584	2.7	871	3.6	991	3.2
Others ⁽¹⁾	13,547	9.8	10,379	9.5	7,441	5.8	1,421	5.8	2,733	8.9
Total	137,997	100.0	109,170	100.0	130,352	100.0	24,436	100.0	30,912	100.0

Note:

(1) Others primarily include travel expenses and professional party engagement fees.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our research and development expenses increased from RMB24.4 million in the three months ended March 31, 2025 to RMB30.9 million in the three months ended March 31, 2026, primarily attributable to an increase in employee benefits for research and development personnels resulting from the expansion of our R&D team and increase in bonuses.

Comparison between 2025 and 2024. Our research and development expenses increased by 19.4% from RMB109.2 million in 2024 to RMB130.4 million in 2025, primarily attributable to (i) an increase in the material and consumables as we further invested in the research and development of embodied AI technologies and (ii) an increase in employee benefits for research and development personnels as we expanded our R&D team.

Comparison between 2024 and 2023. Our research and development expenses decreased by 20.9% from RMB138.0 million in 2023 to RMB109.2 million in 2024, which is primarily attributable to the decrease in material and consumables costs, following our increased research and development investments in 2023, particularly in the research and development of robotic control and servo system, injection molding equipment and CNC machining centers.

Administrative Expenses

Our administrative expenses mainly comprise (i) employee benefits for administrative personnels, (ii) depreciation and amortization, (iii) professional and consulting fees, (iv) business development expenses, (v) travel expenses, (vi) office expenses, (vii) taxes and surcharges and (viii) others. The following table sets forth a breakdown of our administrative expenses, in absolute amounts and as percentages of our total administrative expenses, for the periods indicated.

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	Year Ended December 31,						Three Months Ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Employee benefits for administrative personnels	106,728	53.1	120,767	57.0	152,510	62.8	21,776	55.4	33,560	63.6
Depreciation and amortization	28,964	14.4	32,950	15.6	29,014	12.0	8,020	20.4	7,808	14.8
Taxes and surcharges	16,574	8.2	15,754	7.4	21,553	8.9	2,868	7.3	4,223	8.0
Professional and consulting fees	10,717	5.3	9,435	4.5	14,146	5.8	2,434	6.2	1,965	3.7
Business development expenses	10,348	5.1	5,497	2.6	3,113	1.3	696	1.8	533	1.0
Travel expenses	9,076	4.5	4,876	2.3	4,637	1.9	437	1.1	468	0.9
Office expenses	7,159	3.6	7,846	3.7	6,879	2.8	1,276	3.2	1,775	3.4
Others ⁽¹⁾	11,644	5.8	14,699	6.9	10,993	4.5	1,817	4.6	2,432	4.6
Total	201,210	100.0	211,824	100.0	242,845	100.0	39,324	100.0	52,764	100.0

Note:

(1) Others primarily include inventory write-offs and donations.

Comparison between the three months ended March 31, 2026 and the three months ended March 31, 2025. Our administrative expenses increased from RMB39.3 million in the three months ended March 31, 2025 to RMB52.8 million in the three months ended March 31, 2026, primarily attributable to an increase in employee benefits for administrative personnels as a result of increases in the salaries and benefits of such personnel.

Comparison between 2025 and 2024. Our administrative expenses increased by 14.6% from RMB211.8 million in 2024 and RMB242.8 million in 2025, primarily due to an increase in employee benefits for administrative personnels which included severance payments made in connection with the workforce optimization carried out as part of the ongoing scale-down of the intelligent energy and environmental projects business line.

Comparison between 2024 and 2023. Our administrative expenses remained relatively stable at RMB201.2 million in 2023 and RMB211.8 million in 2024.

(Provision for)/reversal of expected credit loss (“ECL”)

Our provision for or reversal of ECL comprise net impairment losses on or reversal of trade receivables, bill receivables, contract assets, deposits and other receivables. We made provision for ECL of RMB65.7 million, RMB86.9 million, RMB59.1 million and RMB7.4 million in 2023, 2024, 2025, and the three months ended March 31, 2025, respectively. The increase of our provision for ECL was primarily attributable to the long acceptance and settlement cycles of our intelligent energy and environmental projects on hand, even though we have been proactively scaling down our operation therein. Such extended cycles resulted in increased aging of trade receivables, bills receivables, contract assets, and deposits and other receivables. ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. Moreover, contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. We recorded reversal of ECL for the three months ended March 31, 2026, primarily attributable to a reversal of impairment losses on our trade receivables of approximately RMB16.5 million, as a result of the decrease in our trade receivables following the active collection of payments from customers, in particular the collection of certain long-aged trade receivables, during the period.

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Other expenses

We recorded other expenses of RMB66.3 million, RMB59.0 million, RMB50.9 million, RMB5.2 million, and RMB6.5 million in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively. The decrease in our other expenses from 2023 to 2025 was primarily attributable to a decrease in provision for inventory impairment, in line with our strategic focus on strengthening our core business, which have lower impairment risk associated with the relevant inventories. Our other expenses increased from RMB5.2 million in the three months ended March 31, 2025 to RMB6.5 million in the three months ended March 31, 2026, primarily due to higher expenses of approximately RMB0.9 million incurred in connection with product returns requested by certain customers, including related contractual compensation pursuant to the relevant contractual terms.

Finance Costs

Our finance costs primarily comprise interest charges on (i) bank and other borrowings (ii) lease liabilities and (iii) convertible bonds, offset by capitalized borrowing cost. We recorded finance costs of RMB59.8 million, RMB60.0 million, RMB21.9 million, RMB7.8 million, and RMB4.6 million in 2023, 2024, 2025, and the three months ended March 31, 2025 and 2026, respectively. The decrease in our finance costs during the Track Record Period was primarily attributable to (i) the decrease in interest charges on bank and other borrowings, as a result of repayment of debts, and (ii) the decrease in interest charges on convertible bonds, as a result of maturity of the convertible bonds in 2024.

Share of results of associates

Our share of result of associates represents the aggregate share of our associates' net profits or losses attributable to our interests in such associates. We recorded net share of loss from associates of RMB0.2 million, RMB0.9 million, RMB0.2 million and RMB2.8 million in 2023, 2024 and three months ended March 31, 2025 and 2026, respectively. We recorded net share of profits from associates of RMB0.2 million in 2025. The fluctuations of our share of results of associates were resulted from the operating results of our associates.

Income Tax (Expenses)/Credit

Our income tax (expenses)/credit primarily comprise our current tax expenses and deferred tax under the applicable tax rates in accordance with the relevant laws and regulations. For details, see Note 11 to the Accountants' Report in Appendix I to this Document.

We recorded income tax expenses of RMB18.3 million in 2023, RMB4.0 million in 2025, RMB2.7 million in the three months ended March 31, 2025 and RMB12.8 million in the three months ended March 31, 2026, and income tax credit of RMB7.9 million in 2024. As deferred tax assets are not recognized, our income tax expenses for the three months ended March 31, 2025 and 2026 were relatively higher. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

Profit/(Loss) for the Year/Period

As a result of the foregoing, we recorded a loss of RMB239.0 million in 2024, as compared to a profit of RMB106.0 million in 2023. In 2025, we recorded a profit of RMB73.1 million. In the three months ended March 31, 2026, we recorded a profit for the period of RMB42.8 million, as compared to a loss for the period of RMB0.8 million in the three months ended March 31, 2025.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from cash generated from our business operations, bank borrowings and shareholder contributions. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, the [REDACTED] from the [REDACTED], bank borrowings and other future equity or debt financings. We currently do not anticipate any changes to the

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availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB959.3 million, RMB705.4 million, RMB1,120.2 million, and RMB819.8 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

Working Capital Sufficiency

Taking into account the [REDACTED] from the [REDACTED] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors are of the view that we have sufficient working capital to meet our present needs and for the next twelve months from the date of this Document. Our Directors confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this Document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Net cash flows generated from/ (used in) operating activities . . .	277,353	131,778	428,349	(59,284)	(129,780)
Net cash flows generated from/(used in) investing activities	(281,535)	(151,490)	142,863	100,490	(191,498)
Net cash flows generated from/ (used in) financing activities . . .	79,950	(236,197)	(152,018)	341,954	26,104
Net increase/(decrease) in cash and cash equivalents	75,768	(255,909)	419,194	383,160	(295,174)
Cash and cash equivalents at the beginning of the year/period . . .	878,548	959,272	705,402	705,402	1,120,176
Exchange differences on cash and cash equivalents	4,956	2,039	(4,420)	(565)	(5,212)
Cash and cash equivalents at the end of the year/period	959,272	705,402	1,120,176	1,087,997	819,790

Net Cash Flows (Used in)/from Operating Activities

In the three months ended March 31, 2026, we had net cash flows used in operating activities of RMB129.8 million, which primarily consisted of profit before tax of RMB55.7 million, adjusted for certain non-cash or non-operating items, primarily include (i) reversal of ECL of RMB13.9 million, (ii) fair value gain on financial assets at fair value through profit or loss of RMB12.9 million and depreciation of property, plant and equipment of RMB13.7 million. These adjustments were further impacted by changes in working capital, mainly including (i) a decrease in trade and bills payables of RMB232.2 million and (ii) a decrease in contract assets of RMB158.3 million.

In 2025, we had net cash flows from operating activities of RMB428.3 million, which primarily consisted of profit before tax of RMB77.2 million, adjusted for certain non-cash or non-operating items. Adjustments for such non-cash and non-operating items primarily include provision for ECL of RMB59.1 million, depreciation of property, plant and equipment of RMB45.8 million, and finance costs of RMB21.9 million. These adjustments were further impacted by changes in working capital, mainly including (i) an increase in

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inventories of RMB329.6 million, (ii) an increase in contract liabilities of RMB231.0 million, and (iii) a decrease in trade and bills receivables of RMB197.2 million.

In 2024, we had net cash flows from operating activities of RMB131.8 million. Despite loss before tax of RMB246.8 million, net cash flows from operating activities were generated mainly through adjustments for non-cash or non-operating items. These adjustments primarily include provision for ECL of RMB86.9 million, finance costs of RMB60.0 million, depreciation of property, plant and equipment of RMB39.9 million, and written down of inventories of RMB35.8 million. These adjustments were further impacted by changes in working capital, mainly including (i) a decrease in trades and bills receivables of RMB884.3 million, (ii) decrease in trade and bills payables of RMB449.5 million, and (iii) decrease in contract liabilities of RMB164.7 million.

In 2023, we had net cash flows from operating activities of RMB277.4 million, which primarily consisted of profit before tax of RMB124.3 million, adjusted for certain non-cash or non-operating items. Adjustments for such non-cash and non-operating items primarily include provision for ECL of RMB65.7 million, finance costs of RMB59.8 million, depreciation of property, plant and equipment of RMB33.7 million, written down of inventories of RMB31.5 million, and impairment of goodwill of RMB20.8 million. The amount was further adjusted by changes in working capital, including (i) a decrease in inventories of RMB515.6 million, (ii) an increase in contract cost assets of RMB315.4 million, (iii) an increase in trade and bills receivables of RMB225.5 million.

Net Cash Flows (used in)/from Investing Activities

In the three months ended March 31, 2026, our net cash flows used in investing activities was RMB191.5 million, which consisted primarily of purchases of financial asset investments of RMB662.4 million, partially offset by disposal of financial asset investments of RMB462.5 million and release of restricted deposits of RMB74.0 million.

In 2025, our net cash flows generated from investing activities was RMB142.9 million, which consisted primarily of disposal of financial asset investments of RMB1,998.3 million and placement of restricted deposits of RMB213.8 million, partially offset by purchases of financial asset investments of RMB1,694.2 million.

In 2024, our net cash flows used in investing activities was RMB151.5 million, which consisted primarily of purchases of financial asset investments of RMB1,532.8 million and placement of restricted deposits of RMB370.7 million, partially offset by disposal of financial asset investments of RMB1,466.4 million.

In 2023, our net cash flows used in investing activities was RMB281.5 million, which consisted primarily of purchases of financial asset investments of RMB841.0 million and purchase of property, plant and equipment of RMB194.7 million, partially offset by disposal of financial asset investments of RMB845.9 million.

Net Cash Flows (used in)/from Financing Activities

In the three months ended March 31, 2026, our net cash generated from financing activities was RMB26.1 million, which consisted primarily of proceed from bank and other borrowings of RMB117.8 million, partially offset by repayment of bank and other borrowings of RMB75.7 million and share issue costs paid of RMB1.4 million.

In 2025, our net cash used in financing activities was RMB152.0 million, which consisted primarily of repayment of bank and other borrowings of RMB875.4 million and interest paid of RMB24.0 million, partially offset by proceed from bank and other borrowings of RMB702.9 million.

In 2024, our net cash flows used in financing activities was RMB236.2 million, which consisted primarily of repayments of bank and other borrowings of RMB897.3 million, interest paid of RMB30.2 million, acquisition of treasury shares of RMB21.1 million, and acquisition of non-controlling interests of RMB19.6 million, partially offset by proceed from bank and other borrowings of RMB763.1 million.

In 2023, our net cash flows from financing activities was RMB80.0 million, which consisted primarily of proceed from bank and other borrowings of RMB919.3 million and

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capital contribution from non-controlling interests of RMB31.9 million, partially offset by repayments of bank and other borrowings of RMB785.4 million, interest paid of RMB37.2 million, and dividends of RMB30.0 million.

Our cash conversion cycle, a metric to measure how efficiently we manage our working capital by tracking the number of days we take to convert our investments in inventory and other resources into cash flows from sales, was 99 days, 97 days, 57 days and 94 days in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. The cash conversion cycle is calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payables turnover days. Our cash conversion cycle was relatively long during the Track Record Period, primarily attributable to (i) our relatively lengthy trade receivables turnover days, which mainly reflected the more favorable credit terms offered to key account customers and the settlement and approval procedures of our project-based intelligent energy and environmental projects business, and (ii) our relatively high inventory turnover days, which mainly reflected the other contract costs incurred for automation systems in delivery progress and the inventories maintained to support the fulfillment of our orders on hand. For details, see “— Selected Balance Sheet Items — Current Assets/Liabilities — Trade and Bills Receivables — Current” and “— Selected Balance Sheet Items — Current Assets/Liabilities — Inventories and Other Contract Costs”.

Our cash conversion cycle decreased from 99 days in 2023 to 57 days in 2025, and the faster cash conversion cycle was primarily attributable to (i) an increase in the trade payable turnover days, partially offset by an increase in inventory turnover days. See “— Selected Balance Sheet Items — Current Assets/Liabilities”. The improvement of cash conversion cycle reflects our enhanced operational efficiency and improved working capital management. Specifically, we have implemented the following prudent working capital management measures to manage our cash conversion cycle:

- (i) we strategically scaled down our intelligent energy and environmental projects business line, which typically has a longer cash conversion cycle due to its project-based nature. Our revenue contribution from this business line decreased from 59.0% in 2023 to 36.5% in 2025, and further to 5.6% in the three months ended March 31, 2026 during the Track Record Period, and cash inflows from previously settled projects were gradually realized; and
- (ii) we have adopted more proactive and effective capital management policies, including optimizing credit terms with customers and suppliers, strengthening the monitoring and management of working capital items such as trade receivables, trade payables and inventory, and leveraging diversified funding channels, including maintaining adequate banking facilities, to support our working capital needs.
- (iii) we have established long-term strategic partnerships with our core suppliers through annual framework agreements and a just-in-time delivery model, thereby moderately shifting inventory burden to the upstream and reducing raw material inventory days.
- (iv) we have adopted lean production principles to optimize our production processes, modularized semi-finished components to accelerate assembly, and standardized production procedures to achieve consistent workflows. We have strengthened our ERP-based production scheduling and material readiness management to more effectively manage work-in-progress inventory and safety stock, and improved production-to-delivery coordination.

As of the Latest Practicable Date, our unutilized bank facilities amounted to RMB2,215.0 million, providing a substantial liquidity buffer to meet our working capital requirements. We will continue to source additional borrowings and means of trade financing methods to further increase our liquidity buffer as our business expands. Based on the aforementioned working capital management policies, and consideration, we believe we have sufficient liquidity to support our business and to ensure the viability of our operations.

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SELECTED BALANCE SHEET ITEMS

Current Assets/Liabilities

The following table sets out our current assets and liabilities as of the dates indicated.

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current Assets					
Inventories and other contract costs	699,206	630,050	918,209	935,847	947,614
Trade and bills receivables	2,346,160	1,439,795	1,189,975	1,208,477	1,099,314
Contract assets	597,473	672,558	616,122	455,656	417,699
Prepayments and other receivables	265,493	259,310	328,878	322,619	340,568
Financial assets at fair value through profit or loss	297,857	337,775	40,003	234,815	231,470
Restricted deposits	287,686	116,728	171,905	120,655	116,148
Cash and cash equivalents	959,272	705,402	1,120,176	819,790	871,452
Total current assets	5,453,147	4,161,618	4,385,268	4,097,859	4,024,265
Current liabilities					
Trade and bills payables	1,869,403	1,419,935	1,479,061	1,246,880	1,192,892
Other payables and accruals	487,627	412,502	468,021	408,107	388,077
Contract liabilities	490,106	325,375	556,339	509,505	482,498
Lease liabilities	8,567	1,303	2,428	2,460	2,279
Borrowings	655,448	543,398	268,102	336,645	307,362
Current tax liabilities	51,576	37,033	46,261	46,892	49,058
Total current liabilities	3,562,727	2,739,546	2,820,212	2,550,489	2,422,166
Net current assets	1,890,420	1,422,072	1,565,056	1,547,370	1,602,099

Comparison between March 31, 2026 and May 31, 2026. Our net current assets remained relatively stable at RMB1,547.4 million as of March 31, 2026 and RMB1,602.1 million as of May 31, 2026.

Comparison between December 31, 2025 and March 31, 2026. Our net current assets remained relatively stable at RMB1,565.1 million as of December 31, 2025 and RMB1,547.4 million as of March 31, 2026.

Comparison between December 31, 2024 and December 31, 2025. Our net current assets increased from RMB1,422.1 million as of December 31, 2024 to RMB1,565.1 million as of December 31, 2025, primarily due to an increase in cash and cash equivalents of RMB414.8 million, an increase in inventories and other contract costs of RMB288.2 million and an decrease in borrowings of RMB275.3 million, partially offset by a decrease in trade and bills receivables of RMB249.8 million and an increase in contract liabilities of RMB231.0 million.

Comparison between December 31, 2023 and December 31, 2024. Our net current assets decreased from RMB1,890.4 million as of December 31, 2023 to RMB1,422.1 million as of December 31, 2024, primarily due to a decrease in trade and bills receivables of RMB906.4 million and a decrease in cash and cash equivalents of RMB253.9 million, partially offset by a decrease in trade and bills payables of RMB449.5 million and a decrease in borrowings of RMB112.1 million.

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Inventories and other contract costs

The following table sets forth our inventories and other contract costs as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	103,303	123,223	118,034	134,219
Work in progress	138,575	158,579	178,812	210,964
Finished goods	99,372	93,430	148,937	189,056
Other contract costs ⁽¹⁾	357,956	254,818	472,426	401,608
Total	699,206	630,050	918,209	935,847

Note:

- (1) Our other contract costs represent costs incurred for contracts that can be specifically identified. These costs primarily relate to our automation systems including equipment, materials, subcontracting, labor, and other performance-related costs accumulated during contract performance.

Our inventory and other contract costs decreased from RMB699.2 million as of December 31, 2023 to RMB630.1 million as of December 31, 2024, primarily due to a decrease in other contract costs in line with the reduction in sales volume of automation systems as we strategically exercised stricter selection criteria in order acceptance and adjusted our product portfolio towards higher-margin products. Our inventory and other contract costs increased from RMB630.1 million as of December 31, 2024 to RMB918.2 million as of December 31, 2025, primarily due to an increase in other contract costs caused by the increase in the number of automation systems in delivery progress as of December 31, 2025 that had not yet been accepted by customers, for which the accumulated contract costs were recognized on our balance sheet and will be subsequently recognized and as revenue upon customer acceptance. For our automation systems business, the period from the commencement of material input to final customer acceptance is generally within one year. Our inventory and other contract costs remained relatively stable at RMB918.2 million as of December 31, 2025 and RMB935.8 million as of March 31, 2026. We believe that by maintaining optimal inventory levels, we can meet our consumer demand and ensure their satisfaction without compromising our liquidity.

We have adopted a prudent inventory management and impairment assessment policy. Specifically, we assess our inventories at each balance sheet date and, taking into account factors including technological changes and inventory aging, make provisions for obsolete or slow-moving items based on their net realizable value. For standard products, impairment allowances are determined based on the nature and condition of the relevant inventory items, having regard to factors including product quality, order coverage and the extent to which the inventory is committed to fulfilling confirmed customer orders or ongoing projects. For project-based inventories, we compare the estimated total project costs against the estimated net realizable value and recognize impairment where necessary. In light of the foregoing assessment procedures, our Directors are of the view that adequate and reasonable impairment allowances have been made in respect of our inventories and that there are no material impairment issues in relation to our inventories.

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The following table sets out an aging analysis of our inventories and other contract costs, together with the related loss allowance, as of the dates indicated:

	As of December 31,									As of March 31,		
	2023			2024			2025			2026		
	Gross carrying amount	Loss allowance	Carrying amount	Gross carrying amount	Loss allowance	Carrying amount	Gross carrying amount	Loss allowance	Carrying amount	Gross carrying amount	Loss allowance	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	619,429	7,190	612,239	522,633	7,810	514,823	802,889	4,829	798,060	784,703	4,609	780,094
1 year to 2 years	55,305	7,288	48,017	90,735	7,246	83,489	92,809	9,569	83,240	120,571	8,343	112,228
2 years to 3 years	46,398	11,492	34,906	16,951	4,307	12,644	27,157	7,559	19,598	33,886	7,877	26,009
More than 3 years	14,694	10,650	4,044	32,985	13,891	19,094	31,488	14,177	17,311	31,535	14,019	17,516
Total	735,826	36,620	699,206	663,304	33,254	630,050	954,343	36,134	918,209	970,695	34,848	935,847

The following table sets out an aging analysis of our other contract costs before allowance for inventory write-down as of the dates indicated:

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Within one year . . .	330,260	182,526	411,687	308,158	312,734
More than one year .	37,926	76,830	66,442	99,955	101,276
Total	368,186	259,356	478,129	408,113	414,010

As of May 31, 2026, RMB23.4 million of our other contract costs had been outstanding for more than three years, primarily due to delays in customer acceptance arising from factors such as changes in customers' production processes, and incomplete acceptance procedures.

The following table sets forth our inventory turnover days for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Inventory turnover days ⁽¹⁾ . . .	90	98	155	230

Note:

- (1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories and other contract costs of a given year or period divided by cost of sales for that corresponding year or period and multiplied by 360 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.

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Our inventory turnover days remained relatively stable at 90 days in 2023 and 98 days in 2024. Our inventory turnover days increased from 98 days in 2024 to 155 days in 2025, such increase was primarily due to (i) a decrease in our cost of sales attributable to the adjustment of our business strategy to scaled down our operations in the intelligent energy and environmental projects business line; and (ii) an increase in other contract costs caused by a higher number of automation systems in delivery progress as of December 31, 2025. Our inventory turnover days increased from 155 days in 2025 to 230 days in the three months ended March 31, 2026, primarily attributable to our high inventory level as of March 31, 2026, as we maintained inventories to support the fulfillment of our orders on hand.

As of May 31, 2026, RMB401.8 million, or 41.4%, of our inventories and other contract costs as of March 31, 2026 had been sold or utilized. As of May 31, 2026, RMB125.3 million, or 30.7%, of our other contract costs as of March 31, 2026 had been sold or utilized.

Trade and Bills Receivables — current

Our trade and bills receivables primarily arise from the sales of our products. We may generally grant credit terms of up to six months to our customers. As of December 31, 2023 and 2024 and December 31, 2025 and March 31, 2026, our current portion of trade and bills receivables amounted to RMB2,346.2 million, RMB1,439.8 million, RMB1,190.0 million, and RMB1,208.5 million, respectively.

The following table sets forth the current portion of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,334,615	1,467,395	1,295,401	1,215,276
Bills receivables	215,017	182,798	163,341	228,167
Less: Allowance for credit losses	(203,472)	(210,398)	(268,767)	(234,966)
Total	2,346,160	1,439,795	1,189,975	1,208,477

The fluctuation in our current portion of trade and bills receivables during the Track Record Period was in line with the movement of our revenue.

The following table sets forth an aging analysis of our trade receivables classified as current assets, net of allowance for credit losses, based on invoice date as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	876,576	443,065	417,841	441,195
6 months to 1 year	264,420	195,595	146,636	187,149
1 year to 2 years	847,322	275,314	197,415	145,849
2 years to 3 years	131,113	299,950	113,955	69,707
3 years to 4 years	10,851	42,298	146,327	132,835
4 years to 5 years	1,545	1,736	5,576	4,540
Total	2,131,827	1,257,958	1,027,750	981,275

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The following table sets forth our trade receivables turnover days and trade receivables and contract assets turnover days during the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Trade receivable turnover days ⁽¹⁾	180	240	192	202
Trade receivables and contract assets turnover days ⁽²⁾	204	320	284	292

Notes:

- (1) Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (including the non-current portion) less allowance for credit losses for the relevant year/period, divided by the revenue for the same year/period and multiplied by 360 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.
- (2) Trade receivables and contract asset turnover days were calculated based on the average of opening and closing balance of trade receivables (including the non-current portion) and contract assets less allowance for credit losses for the relevant year/period, divided by the revenue for the same year/period and multiplied by 360 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.

Our trade receivables turnover days increased from 180 days in 2023 to 240 days in 2024 due to (i) a decrease in our revenue in 2024 in line with our strategy to progressively scale down our business in intelligent energy and environmental projects and (ii) the adverse impact on project settlement resulted from the operating challenges faced by certain of our intelligent energy and environmental projects customers in the photovoltaic and lithium battery industries. The fluctuation of our trade receivables and contract assets turnover days during the Track Record Period are generally in line with our trade receivables turnover days. Our trade receivables turnover days decreased from 240 in 2024 to 192 in 2025 due to improved collection of trade receivables. Our trade receivables turnover days remained relatively stable at 192 days in 2025 and 202 days in the three months ended March 31, 2026.

Our trade receivables turnover days are relatively lengthy, primarily attributable to (i) more favorable credit terms offered to key account customers with a proven credit history in line with our customer retention strategy, (ii) the project-based nature of our intelligent energy and environmental project business, where revenue is recognized upon project completion whilst the credit period only commences from the date of final settlement with customers, resulting in an inherent lag that extends our effective collection cycle and (iii) the complex settlement and approval procedures of our intelligent energy and environmental projects business, which typically involve the review of quantity surveying reports, completion audits and multiple layers of internal approval by the customers, resulting in delay in actual cash collection. According to Frost & Sullivan, our trade and bills receivables turnover days were generally in line with the industry norm.

During the Track Record Period, our revenue generated from key account customers, being customers with a long-standing business relationship with us to whom we extend more favorable credit terms, amounted to RMB313.8 million, RMB228.2 million, RMB450.4 million, and RMB31.3 million, accounting for 6.9%, 7.9%, 17.9%, and 5.8% of our total revenue in the same periods, respectively. The amount of trade receivables from these key account customers during the Track Record Period amounted to RMB714.9 million, RMB347.2 million, RMB353.7 million, and RMB272.8 million, respectively, accounting for 30.5%, 24.1%, 29.7%, and 22.6% of our total trade receivables as of the same dates, respectively. The following table sets forth the detailed information of our key account customers:

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Background of the key account customer	Services/solutions provided	Revenue for the year ended December 31,				Revenue for the three months ended March 31,	Trade receivables as of			Credit terms
		ended December 31,					March 31,			
		2023	2024	2025	2026	2023	2024	2025	2026	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Customer D	Intelligent energy and environmental projects, Injection molding equipment, Industrial robots and automation system	291,515	192,925	398,123	27,941	679,839	304,902	288,730	224,571	120 days ⁽⁸⁾
Customer J ⁽¹⁾	Industrial robots and automation system, others	19,218	-	4	-	33,548	28,080	21,326	16,014	(i) 30% as advance payment; (ii) 20% upon delivery; (iii) 30% upon completion of acceptance inspection; and (iv) 20% within 360 days after completion.
Customer K ⁽²⁾	Intelligent energy and environmental projects, Injection molding equipment, Industrial robots and automation system	-	-	16,582	-	-	-	12,119	11,957	(i) 30% within seven days upon execution of the contract; (ii) 20% within seven days after completion of construction; and (iii) 50% in 12 monthly installments commencing from the month following completion.

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Background of the key account customer	Services/solutions provided	Revenue for the year ended December 31,				Revenue for the three months ended March 31,	Trade receivables as of			Credit terms	
		ended December 31,					March 31,				
		2023	2024	2025	2026		2023	2024	2025		2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Customer L ⁽³⁾	 CNC machining centers	3,085	15	9,173	32	1,560	305	9,730	9,659	(i) 20% as deposit; and (ii) 80% in six months after completion of acceptance.	
Customer M ⁽⁴⁾	 CNC machining centers	-	-	6,112	1,850	-	-	5,525	4,197	(i) 20% as deposit; and (ii) 80% in six months after acceptance, of which the first five machines were payable after six months and the sixth and subsequent machines were payable after twelve months.	
Customer N ⁽⁵⁾	 CNC machining centers	-	-	4,319	-	-	-	4,204	4,154	(i) 20% as deposit; and (ii) 80% in 12 months after completion of acceptance.	
Customer O ⁽⁶⁾	 CNC machining centers	-	24,264	16,120	1,495	-	8,924	8,298	2,285	(i) 30% deposit payable within five days upon signing; (ii) 40% payable five days prior to shipment; and (iii) the remaining 30% payable within six months after shipment.	

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Background of the key account customer	Services/solutions provided	Revenue for the year ended December 31,				Revenue for the three months ended March 31,	Trade receivables as of				Credit terms
		ended December 31,					as of December 31,				
		2023	2024	2025	2026	2023	2024	2025	2026		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Customer P ⁽⁷⁾	CNC machining centers	-	11,044	-	-	-	4,992	3,807	-	(i) 30% as deposit; (ii) 30% prior to shipment; (iii) 30% upon completion of acceptance; and (iv) 10% in 12 months after acceptance.	

Notes:

- (1) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB32.8 million, specializing in the research, development, manufacturing, and sales of lithium battery drying automation equipment, providing automated manufacturing equipment solutions for power and consumer battery applications.
- (2) A limited liability company, headquartered in Zhejiang, China, with a registered capital of RMB10.0 million, engaged in the manufacturing and sales of plastic packaging products, molds, and related equipment, as well as technology development and import and export services.
- (3) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB0.5 million, specializing in the manufacturing and sales of precision molds, metal components, and related mechanical parts, providing integrated mold design and processing services.
- (4) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB2.0 million, specializing in the research and development, and manufacturing of prototype models, molds, and metal components, with applications in automotive, electronics, and industrial products.
- (5) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB0.5 million, engaged in the research and development, and production of prototype models, hardware molds, and general machinery equipment.
- (6) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB1.0 million, principally engaged in wholesale and retail business.
- (7) A limited liability company, headquartered in Shanghai, China, with a registered capital of RMB11.6 million, specializing in the research, development, and manufacturing of precision CNC machine tools and intelligent manufacturing systems for aerospace and automotive applications.
- (8) Upon recognition of revenue from an Intelligent Energy and Environmental project, we record a contract asset before the customer's certification and final settlement of the work performed and agreement on the amount payable. Once the relevant amount is certified and finally settled with the customer, the contract asset is reclassified as a trade receivable. The credit term granted to Customer D only commences from the date of final settlement in respect of our Intelligent Energy and Environmental Projects rather than the date of revenue recognition. We recorded significant revenue from Customer D in 2021 and 2022 for projects completed but not yet finally settled, and the credit terms of the corresponding trade receivables had not commenced. Therefore, the balances of trade receivables due from Customer D as of December 31, 2023 and 2024 included such corresponding trade receivables and exceeded our revenue generated from Customer D in 2023 and 2024, respectively.

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Our Directors are of the view that there are no material recoverability concerns in respect to our outstanding balance and that adequate provisions have been made, for the following reasons:

- (i) the outstanding balance generally falls within the credit periods granted to our customers or is otherwise consistent with the relevant settlement arrangements implemented by us and our customers; In addition, the aging profile of our trade receivables improved during the Track Record Period as trade receivables aged within one year accounted for approximately 53.5%, 50.8%, 54.9% and 64.0% of our total trade receivables as of December 31, 2023, 2024 and 2025 and March 31, 2026, respectively. Such improvement was primarily attributable to our active collection efforts in respect of long-aged trade receivables during the period, as a result of which trade receivables aged over one year decreased from approximately RMB463.3 million as of December 31, 2025 to approximately RMB352.9 million as of March 31, 2026;
- (ii) we closely monitor our trade receivables balances and regularly assess the recoverability of overdue amounts. Our finance department periodically analyses the aging profile of trade receivables, identifies potential credit risks and takes appropriate collection actions where necessary. Impairment allowances are provisioned on a quarterly basis, with different provisioning rates applied to different aging categories;
- (iii) we have adopted an impairment policy in accordance with HKFRS, pursuant to which trade receivables are grouped based on shared credit risk characteristics and collectively assessed for expected credit losses by reference to historical credit loss experience and forward-looking information. We apply the simplified approach to measure expected credit losses over the entire lifetime of financial assets from the date of initial recognition. In general, a full impairment allowance will be made in respect of trade receivables that are overdue for more than five years and are considered irrecoverable. We periodically review our impairment estimates and adjust the carrying amounts of trade receivables and the related impairment losses as appropriate to ensure that the allowances accurately reflect the current status of the outstanding receivables; and
- (iv) trade receivables from our key account customers accounted for 15.6%, 12.1%, 14.1%, and 50.8% of our revenue during the Track Record Period respectively. Our key account customers are generally of sound credit standing, and we have not encountered any material collection issues with our key customers during the Track Record Period and up to the Latest Practicable Date.

As of May 31, 2026, RMB215.6 million, or 17.7%, of our trade receivables as of March 31, 2026, had been settled. As of May 31, 2026, RMB52.2 million, or 18.7%, of our trade receivables from key account customers as of March 31, 2026, had been settled.

Contract assets

The following table sets forth our contract assets as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets arising from:				
complete and unbilled				
contract	625,239	771,418	701,282	542,909
Less: Allowance for credit				
losses	(27,766)	(98,860)	(85,160)	(87,253)
Total	597,473	672,558	616,122	455,656

The changes in contract assets during the Track Record Period were mainly due to business acceptance of prior projects and the advancement of settlement progress. The allowance for credit losses as a percentage of total contract assets was approximately 4.4%, 12.8%, 12.1% and 16.1% during the Track Record Period, respectively. The higher provision rate in 2024, 2025 and the three months ended March 31, 2026 was primarily attributable to specific provisions made in respect of certain customers of our intelligent energy and

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environmental projects business line operating in the photovoltaic and lithium battery industries. Such customers had experienced deteriorating operating conditions, including intensified market competition, industry overcapacity and financial strain, which gave rise to heightened collection risk on the outstanding contract assets. In accordance with the prudence principle, we made specific provisions against such balances on an individual basis, resulting in an increase in both the provision rate and allowance amount during the relevant years. As of May 31, 2026, RMB83.6 million, or 14.8%, of our contract assets as of March 31, 2026, had been settled. The relatively low subsequent settlement rate was primarily due to the project-based nature of our intelligent energy and environmental projects business, which accounted for the majority of our contract assets. Contract assets in relation to such projects are reclassified as trade receivables only upon final settlement, which generally requires an extended acceptance period and a prolonged settlement process following physical completion, thereby resulting in a longer settlement cycle.

Prepayments and Other Receivables

The following table sets forth our prepayments and other receivables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	59,601	65,622	50,042	57,024
Deferred share issued costs	—	—	14,910	23,725
Other receivables	36,172	24,456	50,451	63,677
Value-added tax receivables	169,720	169,232	213,475	178,193
Total	265,493	259,310	328,878	322,619

Our prepayments and other receivables remained relatively stable at RMB265.5 million as of December 31, 2023 and RMB259.3 million as of December 31, 2024. Our prepayments and other receivables increased from RMB259.3 million as of December 31, 2024 to RMB328.9 million as of December 31, 2025. The increase was primarily due to an increase in value-added tax receivables in connection with higher inventory purchases during the period. Our prepayments and other receivables remained relatively stable at RMB328.9 million as of December 31, 2025 and RMB322.6 million as of March 31, 2026. As of May 31, 2026, RMB106.0 million, or 32.8%, of our prepayments and other receivables as of March 31, 2026, had been settled.

Financial assets at fair value through profit or loss – current

Our current portion of financial assets at fair value through profit or loss primarily consists of other financial instruments at fair value, including structured deposits and wealth management products. Our current portion of financial assets at fair value through profit or loss amounted to RMB297.9 million as of December 31, 2023, increased by 13.4% to RMB337.8 million as of December 31, 2024, primarily due to fluctuations in returns from structured deposits and wealth management products. Our current portion of financial assets at fair value through profit or loss decreased by 88.2% from RMB337.8 million in 2024 to RMB40.0 million in 2025 primarily due to the redemption of certain wealth management products upon maturity. Our current portion of financial assets at fair value through profit or loss increased from RMB40.0 million as of December 31, 2025 to RMB234.8 million as of March 31, 2026, primarily due to our purchase of additional wealth management products. See Note 21 to the Accountants’ Report in Appendix I to this Document.

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Our investment policy is to invest in low-risk, principal-protected and highly liquid wealth management products, including structured deposits, agreement deposits, large-denomination certificates of deposit and bank wealth management products, with the goal to enhancing returns on our temporarily idle funds while preserving capital. Such investment decisions are made by our finance department, which possesses the requisite expertise to assess the risk and return profiles of the relevant products. Our finance department monitors the performance of the invested products on an ongoing basis, while our internal audit department supervises the use and custody of the invested funds and reports to the audit committee, which, together with our independent non-executive Directors, is entitled to inspect such investments on a regular or ad hoc basis. Our Board reviews the aggregate investment limit periodically, and all investments are made within, and any investment exceeding such pre-approved limits requires the prior approval of the Board. Our investment in the foregoing financial products after [REDACTED] will be subject to compliance with Chapter 14 of the Listing Rules.

Trade and Bills Payables

The following table sets forth a breakdown of our trade and bills payables as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,441,891	1,131,499	1,131,600	1,025,044
Bills payables	427,512	288,436	347,461	221,836
Total	1,869,403	1,419,935	1,479,061	1,246,880

Our trade and bills payables decreased from RMB1,869.4 million as of December 31, 2023 to RMB1,419.9 million as of December 31, 2024, primarily due to our active debt repayment and the scaling down of our operation in intelligent energy and environmental projects business according to the adjustment of our business strategy. Our trade and bills payables remained relatively stable at RMB1,419.9 million as of December 31, 2024 and RMB1,479.1 million as of December 31, 2025. Our trade and bills payables decreased from RMB1,479.1 million as of December 31, 2025 to RMB1,246.9 million as of March 31, 2026, primarily due to our settlement of certain trade and bills payables. The following table sets forth an aging analysis of our trade payables based on billing date as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,311,949	878,930	830,248	783,632
1 to 2 years	99,703	180,875	153,507	89,977
2 to 3 years	22,392	47,277	96,028	111,348
Over 3 years	7,847	24,417	51,817	40,087
Total	1,441,891	1,131,499	1,131,600	1,025,044

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The following table sets forth our trade payables turnover days for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Trade payable turnover days ⁽¹⁾	171	241	290	338

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year/period divided by our cost of sales for the relevant year/period and multiplied by 360 days for 2023, 2024 and 2025 and 90 days for the three months ended March 31, 2026.

Our trade payables turnover days increased from 171 days in 2023 to 241 days in 2024, to 290 days in 2025 and further to 338 days in the three months ended March 31, 2026, primarily due to (i) relative decline in cost of sales according to the adjustment of our business strategy, (ii) we obtained longer credit period from our suppliers and (iii) extended payment timelines on certain procurement transactions, as large equipment and project-based purchases typically require multiple acceptance and commissioning stages prior to final settlement. Our trade payables turnover days increased from 290 days in 2025 to 338 days in the three months ended March 31, 2026, primarily due to (i) decline in our cost of sales during the period, which was affected by the Chinese New Year holidays in addition to the adjustment of our business strategy and (ii) the relatively high balance of trade payables due to suppliers of our Intelligent Energy and Environmental Projects, as we commenced installment payment arrangements with such suppliers in 2026. As of May 31, 2026, RMB165.0 million, or 16.1%, of total trade payables as of March 31, 2026, had been subsequently settled.

Other Payables and Accruals

The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables:				
– Payable for property, plant and equipment	126,951	97,375	54,916	34,828
– Payable for third parties service fees and deposit . . .	78,618	72,146	82,155	108,278
Accrued share issue costs . . .	–	–	14,326	9,155
Accrued payroll	106,874	105,751	146,839	128,170
Received in advance for share subscription under share incentive scheme	–	–	30,231	31,658
Other tax payables	175,184	137,230	139,554	96,018
Total	487,627	412,502	468,021	408,107

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Our other payables and accruals decreased from RMB487.6 million as of December 31, 2023 to RMB412.5 million as of December 31, 2024, primarily due to (i) a decrease in other tax payables resulting from qualifying the new manufacturing VAT deduction policies and (ii) a decrease in payables for property, plant and equipment due to the completion of the construction of our production base in 2023. Our other payables and accruals increased from RMB412.5 million as of December 31, 2024 to RMB468.0 million as of December 31, 2025 primarily due to an increase in accrued payroll driven by higher bonus accruals and project-based incentive provisions. Our other payables and accruals decreased from RMB468.0 million as of December 31, 2025 to RMB408.1 million as of March 31, 2026, primarily due to a decrease in other tax payables resulting from (i) lower VAT tax payables, primarily as a result of an increase in deductible input VAT arising from raw materials procured for production stock-up in the first quarter of 2026, which reduced the net VAT payable for the period, and (ii) lower property tax payables, as the full-year property tax provision accrued in 2025 was subsequently paid in January 2026 in accordance with the annual settlement cycle.

Contract Liabilities

Our contract liabilities arose from prepayments received from customers. As of December 31, 2023, 2024, 2025 and March 31, 2026, our contract liabilities amounted to RMB490.1 million, RMB325.4 million, RMB556.3 million and RMB509.5 million, respectively. Our contract liabilities decreased from RMB490.1 million as of December 31, 2023 to RMB325.4 million as of December 31, 2024, primarily because we adjusted our product portfolio in the automation system business to focus on higher-margin products. See “— Results of Operations — Revenue — Revenue by Business Lines” for more details. Our contract liabilities increased from RMB325.4 million as of December 31, 2024 to RMB556.3 million as of December 31, 2025 primarily attributable to an increase in new automation system orders with longer delivery cycles, leading to a higher level of customer advances recognized as contract liabilities. Our contract liabilities decreased from RMB556.3 million as of December 31, 2025 to RMB509.5 million as of March 31, 2026, primarily due to the completion of customer acceptance for certain automation system orders during the period, resulting in the relevant prepayments received from customers recognized as revenue. As of May 31, 2026, RMB197.9 million, or 38.8%, of our contract liabilities as of March 31, 2026, had been settled.

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Non-current Assets and Liabilities

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

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Assets				
Investments in associates . . .	4,744	3,784	3,987	9,327
Property, plant and equipment	1,056,396	981,154	941,792	942,226
Right-of-use assets	300,723	241,435	218,312	217,134
Goodwill	85,232	70,505	49,026	49,026
Intangible assets	51,525	31,879	25,065	23,631
Investment properties	–	270,234	424,210	420,391
Trade receivables	18,475	29,367	11,912	7,000
Financial assets at fair value through profit or loss	6,149	300	352	54,419
Deferred tax assets	116,854	145,396	157,202	146,339
Total non-current assets	1,640,098	1,774,054	1,831,858	1,869,493
Non-current liabilities				
Borrowings	270,308	252,600	355,112	328,716
Convertible bonds	651,300	–	–	–
Lease liabilities	30,494	2,010	2,267	2,299
Deferred income	17,765	16,413	14,715	13,381
Provisions	36,386	21,067	27,578	31,143
Deferred tax liabilities	9,128	8,863	7,992	7,773
Total non-current liabilities . .	1,015,381	300,953	407,664	383,312

Property, Plant and Equipment

The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Building	502,604	622,734	800,217	793,144
Machinery equipment	42,029	42,402	72,393	70,225
Transportation equipment . . .	4,135	3,923	6,650	6,021
Electronic equipment	4,190	3,053	3,749	3,930
Furniture and fixtures	10,884	9,669	20,138	23,757
Construction in progress . . .	478,634	272,230	5,275	11,439
Leasehold improvement	13,920	27,143	33,370	33,710
Total	1,056,396	981,154	941,792	942,226

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Our property, plant and equipment decreased from RMB1,056.4 million as of December 31, 2023 to RMB981.2 million as of December 31, 2024, to RMB941.8 million as of December 31, 2025, primarily attributable to the reclassification of certain buildings in the former production bases to investment properties as they were held for rental purposes upon the commencement of operations at our new production base. Our property, plant and equipment remained relatively stable at RMB941.8 million as of December 31, 2025 and RMB942.2 million as of March 31, 2026.

Right-of-use Assets

Our right-of-use assets consist of land use right and leased building. As of December 31, 2023, 2024, 2025 and March 31, 2026, our right-of-use assets amounted to RMB300.7 million, RMB241.4 million, RMB218.3 million and RMB217.1 million, respectively. In particular, our right-of-use assets decreased from RMB300.7 million as of December 31, 2023 to RMB241.4 million as of December 31, 2024, which was primarily due to (i) a decrease in land use right as certain former production bases were leased out following the commencement of our new production base and (ii) a decrease in leased buildings as some leases were terminated in line with our strategic shift from leased to self-owned production base. Our right-of-use assets further decreased to RMB218.3 million as of December 31, 2025, primarily due to a decrease in land use right as certain former production bases were leased out following the commencement of our new production base. Our right-of-use assets remained relatively stable at RMB218.3 million as of December 31, 2025 and RMB217.1 million as of March 31, 2026.

Goodwill

Our goodwill is recognized in connection with business combinations not under common control and represents the excess of the acquisition cost over our share of the fair value of the identifiable net assets of the acquired entities. Our goodwill amounted to RMB85.2 million, RMB70.5 million, RMB49.0 million and RMB49.0 million as of December 31, 2023, 2024, 2025 and as of March 31, 2026, respectively. Our goodwill decreased from RMB85.2 million as of December 31, 2023 to RMB70.5 million as of December 31, 2024, and further to RMB49.0 million as of December 31, 2025 primarily attributable to the impairment as a result of the underperformance of our subsidiary, Dongguan AFMING. Our goodwill remained unchanged at RMB49.0 million as of December 31, 2025 and March 31, 2026. Goodwill and trademark with indefinite useful life acquired through business combination have been allocated to three individual cash-generating units (“CGUs”) comprising three subsidiaries of our Company. The carrying amounts of the goodwill (net of accumulated impairment losses) with indefinite useful life allocated to the CGUs are as follows:

	As of December 31,			As of
	2023	2024	2025	March 31,
	RMB'000	RMB'000	RMB'000	2026
				RMB'000
Carrying amount of goodwill	85,232	70,505	49,026	49,026
Carrying amount of trademark	6,862	—	—	—

For the purpose of impairment testing, goodwill and trademark with indefinite useful lives have been allocated to three individual CGUs, comprising three subsidiaries of our Company.

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CGU of Topstar Intelligent Technology (Dongguan) Co., Ltd.:

As of December 31, 2023, the management of our Company determined the recoverable amount of this CGU based on value in use calculation which uses cash flow projections based on financial budgets approved by the management for our Company covering the following five years with a pre-tax discount rate of 15%. The forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follow:

	<u>December 31, 2023</u>
Revenue growth rates (during the five-year period)	15.33%~78.75%
Gross margin	6.56%~14.33%
Terminal growth rate.	—

Based on the results of the assessment, impairment loss amounted to RMB18,298,000 was recognized on the relevant goodwill of this CGU during the year ended December 31, 2023, which arose from this CGU’s underperformed results. Consequently, the carrying amount of this CGU was written down to its estimated recoverable amount as of December 31, 2023. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as of December 31, 2023. The impairment losses have been included in profit or loss in the other expenses line item. No other write-down of the assets of this CGU is considered necessary.

As of December 31, 2024, the management of our Company determined the recoverable amount of this CGU based on its fair value less costs of disposal of assets which was estimated based on its gross replacement cost adjusted by an obsolescence rate which ranged from 54% to 100%. The fair value measurement categorized into Level 3 fair value hierarchy.

Based on the results of the assessment, impairment loss of RMB7,486,000 was recognized on this CGU and RMB6,862,000 was allocated to the relevant trademark during the year ended December 31, 2024, which arose from the change in operating strategies in 2024 in view of the keen competition in the market. Consequently, the carrying amount of this CGU was written down to its estimated recoverable amount as of December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as of December 31, 2024. The impairment losses have been included in profit or loss in the other expenses line item. No other write-down of the assets of this CGU is considered necessary.

CGU of Dongguan AFMING Numerical Control Equipment Technology Co., Ltd.:

As of December 31, 2023, 2024 and 2025, the recoverable amount of this CGU was determined based on value in use calculations which uses cash flow projections based on financial budgets approved by the management for our Company covering the following five years with a pre-tax discount rate of 12.26%, 13.16% and 13.27% as of December 31, 2023, 2024 and 2025 respectively.

The pre-tax discount rate applied to the cash flows projections, the forecasted growth rates and gross margin used to extrapolate cash flow projections and terminal growth rates are follow:

	<u>Year ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenue growth rates (during the five-year period).	3.02%~14.47%	4.44%~19.18%	2.04%~21.38%
Gross margin	12.46%~13.30%	7.81%~13.33%	5.57%~11.00%
Terminal growth rate	0%	0%	0%

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As of December 31, 2023, based on the results of the assessment, the management of our Company determined that there is no impairment on the CGU. The recoverable amount is above the carrying amount by approximately RMB42.2 million. If the revenue growth rates for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount shall exceed its respective carrying amount by approximately RMB35.6 million. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount shall exceed its respective carrying amount by approximately RMB21.4 million. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5%, the estimated recoverable amount shall exceed its carrying amount by approximately RMB22.8 million.

As of December 31, 2024, based on the results of the assessment, the management of our Company determined that the recoverable amount of the cash-generating unit is lower than its carrying amount and has consequently determined impairment of goodwill directly related to the CGU, amounting to RMB28.9 million, since the CGU experienced decrease in revenue and profit margin. Consequently, the carrying amount of the CGU was written down to its estimated recoverable amount as of December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as of December 31, 2024. If the revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB6.0 million would be recognized. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount have been reduced and a further impairment of goodwill of approximately RMB23.0 million would be recognized. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5 %, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB21.0 million would be recognized. During the year ended December 31, 2024, the impairment loss of RMB14.7 million has been recognized and included in profit or loss expenses line item. No other write-down of the assets of the CGU is considered necessary.

As of December 31, 2025, based on the results of the assessment, the management of our Company determined that the recoverable amount of the cash-generating unit is lower than its carrying amount and have consequently determined impairment of goodwill directly related to the CGU, amounting to RMB42.1 million, since the annual results of the CGU have underperformed. Consequently, the carrying amount of the CGU was written down to its estimated recoverable amount as of December 31, 2025. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as of December 31, 2025. If the revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 1%, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB7.0 million would be recognized. If the gross margin for each year during the forecast period used in value-in-use calculation had been decreased by 0.5%, the estimated recoverable amount have been reduced and a further impairment of goodwill of approximately RMB22.0 million would be recognized. If the pre-tax discount rate applied to the cash flow projection had been increased by 0.5 %, the estimated recoverable amount would have been reduced and a further impairment of goodwill of approximately RMB18.0 million would be recognized. During the year ended December 31, 2025, the impairment loss of RMB21.5 million has been recognized and included in profit or loss in the other expenses line item. No other write-down of the assets of the CGU is considered necessary.

CGU of Shenzhen Xingmeng Automation Co., Ltd.:

During the year ended December 31, 2023, management of our Company has provided impairment loss on goodwill of RMB2,482,000 allocated to operation of the CGU to write down the relevant carrying amounts goodwill to nil due to its planned closure of business under our Company's latest strategy.

See Note 18 to the Accountants' Report in Appendix I to this Document.

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Investment properties

Our investment properties primarily consist of leased land use rights and buildings. As of December 31, 2023, 2024, 2025 and March 31, 2026, our investment properties amounted to nil, RMB270.2 million, RMB424.2 million and RMB420.4 million, respectively. Our investment properties increased from RMB270.2 million as of December 31, 2024 to RMB424.2 million as of December 31, 2025, primarily due to the commencement of operations at our new production base, following which certain buildings were reclassified from property, plant and equipment to investment properties as they were held for rental purposes. Our investment properties remained relatively stable at RMB424.2 million as of December 31, 2025 and RMB420.4 million as of March 31, 2026. For details of the valuation of our investment properties, see the “Property Valuation Report” as set out in Appendix III to this Document.

As of the Latest Practicable Date, we own and lease out seven factory premises, which are classified as investment properties. These properties are leased to third-party tenants under commercial lease arrangements, and the tenants are primarily engaged in the technology services sector. We do not provide material ancillary services in connection with such leases. The rental income generated from these investment properties is recognized as revenue in accordance with the applicable accounting standards, as the leasing of properties forms part of our ordinary course of business activities.

Deferred tax assets

Our deferred tax assets increased from RMB116.9 million as of December 31, 2023 to RMB145.4 million as of December 31, 2024, primarily due to an increase in impairment losses on financial and contract assets and the accumulation of unused tax loss. Our deferred tax assets remained relatively stable at RMB145.4 million as of December 31, 2024 and RMB157.2 million as of December 31, 2025. Our deferred tax assets remained relatively stable at RMB157.2 million as of December 31, 2025 and RMB146.3 million as of March 31, 2026.

INDEBTEDNESS

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of May 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current					
Borrowings	655,448	543,398	268,102	336,645	307,362
Lease liabilities	8,567	1,303	2,428	2,460	2,279
Non-current					
Borrowings	270,308	252,600	355,112	328,716	328,416
Lease liabilities	30,494	2,010	2,267	2,299	2,200
Convertible bonds . . .	651,300	—	—	—	—
Total	1,616,117	799,311	627,909	670,120	640,257

Borrowings

As of December 31, 2023, 2024 and 2025 and March 31 and May 31, 2026, our borrowings, including current and non-current portion, amounted to RMB925.8 million, RMB796.0 million, RMB623.2 million, RMB665.4 million and RMB635.8 million, respectively, mainly representing bank loans in accordance with our funding needs and in support of our business operation. During the Track Record Period, our borrowings were all denominated in RMB with fixed or floating interest rates. The effective interest rate of our

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bank borrowings as of December 31, 2023, 2024, 2025 and March 31, 2026 ranged from 3.1% to 4.7%, 2.8% to 4.5%, 1.7% to 3.0% and 1.5% to 4.9%, respectively per annum. For further information regarding our interest-bearing bank borrowings, see Note 29 to the Accountants’ Report in Appendix I to this Document. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB2,215.0 million. Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we were not subject to any material covenants or undertakings in respect of our outstanding debts, guarantees, pledges over key assets, or other contingent obligations. During the Track Record Period and up to the Latest Practicable Date, we had not defaulted in payment of our liabilities or breached any covenants or undertakings nor did we not encountered any difficulties in obtaining additional equity and debt financing.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and March 31 and May 31, 2026, our lease liabilities, including current and non-current portion, amounted to RMB39.1 million, RMB3.3 million, RMB4.7 million, RMB4.8 million, and RMB4.5 million, respectively, mainly representing lease liabilities under leases for factories. The decrease in our lease liabilities from RMB39.1 million as of December 31, 2023 to RMB3.3 million as of December 31, 2024 was primarily attributable to the termination of leases relating to our former production bases as we commenced operations at our new factory in 2024. Our lease liabilities increased from RMB3.3 million as of December 31, 2024 to RMB4.7 million as of December 31, 2025 as we entered into new leases for our offices. Our lease liabilities remained relatively stable at RMB4.7 million as of December 31, 2025, and RMB4.8 million as of March 31, 2026. For the maturity analysis and other detailed information regarding our leased liabilities, see Note 33 to the Accountants’ Report in Appendix I to this Document.

Convertible bonds

In 2021, we issued 6,700,000 convertible bonds for an aggregate principal amount of RMB670.0 million. The convertible bonds will be mature in six years from the issuance date and can be convertible to ordinary shares of our Company. In 2023 and 2024, convertible bonds with principal amount of RMB9,000 and RMB667,459,000 were converted into A Shares of our Company, respectively. See “History, Development and Corporate Structure — Company Corporate Development and Major Shareholding Changes — Share Capital Changes Subsequent to Our A Share Listing” for details.

No Other Outstanding Indebtedness

Except as disclosed above, as of May 31, 2026, being the latest practicable date determining our indebtedness, we did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since May 31, 2026.

CONTINGENT LIABILITIES OR GUARANTEES

During the Track Record Period and up to the Latest Practicable Date, we did not have any material contingent liabilities that would have a material impact on our financial position or results of operations.

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CAPITAL EXPENDITURE

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Purchases of property, plant and equipment	194,650	272,548	127,610	10,465
Purchase of other intangible assets	1,949	677	1,461	—
Purchases of financial asset investment	841,017	1,532,816	1,694,200	662,380
Total	1,037,616	1,806,041	1,823,271	672,845

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities and debt financing. We expect to incur capital expenditure in the near future, primarily to support the growth of our business. We expect to fund these capital expenditures with a combination of cash flow generated from operating activities, equity and debt financing and [REDACTED] from the [REDACTED]. See “Business — Our Strategies” and “Future Plans and Use of [REDACTED] — Use of [REDACTED]”.

CAPITAL COMMITMENTS

Our capital commitments are mainly related to the acquisition of property, plant and equipment which had been contracted but not yet provided for. As of December 31, 2023, 2024, 2025 and March 31, 2026, our capital commitments amounted to RMB28.8 million, RMB6.1 million, RMB1.6 million and RMB1.2 million, respectively.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated.

	As of/Year Ended December 31,			As of/Three Months Ended March 31,
	2023	2024	2025	2026
Gross profit margin (%) ⁽¹⁾	17.6	14.6	28.3	32.5
Net profit (loss) margin (%) ⁽²⁾	2.3	(8.3)	2.9	8.0
Current ratio ⁽³⁾	1.5	1.5	1.6	1.6
Quick ratio ⁽⁴⁾	1.3	1.3	1.2	1.2

Notes:

- (1) Equals gross profit divided by revenue and multiplied by 100%. See “— Results of Operations — Gross Profit and Gross Profit Margin.”
- (2) Equals profit/(loss) for the year/period divided by revenue and multiplied by 100%.
- (3) Equals current assets divided by current liabilities.
- (4) Equals current assets less inventories and other contract costs and divided by current liabilities.

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OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Related party transactions are set out in the Note 42 to the Accountants’ Report in Appendix I to this Document, our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. Our management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. See Note 45 to the Accountants’ Report in Appendix I to this Document.

DIVIDENDS

Any declaration and payment, as well as the amount of dividends, will be subject to our Articles of Association and the relevant PRC laws. Pursuant to our Articles of Association, our dividend payment should be made in cash and our annual cash dividends shall not be less than 20% of the distributable profit realized in the current year. The final dividends approved by our Directors for the years ended December 31, 2022, 2023 and 2025 were RMB0.071, RMB0.043 and RMB0.032 per A Share, respectively, in aggregate amounts of approximately RMB30.0 million, RMB18.1 million and RMB15.2 million, respectively. Dividends in respect of the years ended December 31, 2022, 2023 and 2025 were paid in 2023, 2024 and 2026, respectively. We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. Under applicable PRC laws, dividends may be paid only out of distributable profits, which refer to after-tax profits less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Saved for relevant PRC laws and regulation in relation to dividend, we do not maintain a formal dividend policy or have a pre-determined dividend distribution ratio. In the future, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. For details, see “Risk Factors — Risks Relating to our Business and Industry — Payment of dividends is subject to restrictions under PRC law.”

DISTRIBUTABLE RESERVES

As of March 31, 2026, our retained earnings amounted to RMB944.5 million, which represented our distributable reserves as of the same date.

PROPERTY VALUATION

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd., an independent property valuer, has valued our selective property interest as of May 31, 2026. Particulars of the property interest are set out in Appendix III to this Document. The following table sets out the reconciliation between the net book value of our selective properties as of March 31, 2026 in the Accountants’ Report set out in Appendix I to this Document and the market value of such property as of May 31, 2026 in the Property Valuation Report set out in Appendix III to this Document.

	<i>(RMB in millions)</i>
Net book value of our selective properties	
as of March 31, 2026.	420.4
Depreciation adjustments.	(2.6)
Net book value as of May 31, 2026.	417.8
Valuation surplus as of May 31, 2026.	239.8
Valuation as of May 31, 2026 as set out in	
“Appendix III — Property Valuation Report”	
to this Document	657.6

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[REDACTED]

Our [REDACTED] mainly include (i) [REDACTED]-related expenses, such as [REDACTED] fees and [REDACTED], and (ii) non-[REDACTED]-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED], and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] (based on the mid-point of the [REDACTED] Range and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately HK\$[REDACTED], accounting for approximately [REDACTED]% of our [REDACTED]. Among such estimated total [REDACTED], we expect to pay [REDACTED]-related expenses of HK\$[REDACTED], professional fees for our legal advisors and Reporting Accountants of HK\$[REDACTED] and other fees and expenses of HK\$[REDACTED]. An estimated amount of HK\$[REDACTED] for our [REDACTED], accounting for approximately [REDACTED]% of our [REDACTED], is expected to be expensed through the statement of profit or loss and the remaining amount of HK\$ [REDACTED] is expected to be recognized directly as a deduction from equity upon the [REDACTED].

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see “Appendix II — Unaudited [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this Document there has been no material adverse change in our financial or trading position or prospects since March 31, 2026, being the date of our latest audited financial statements, and there has been no event since March 31, 2026 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Except as otherwise disclosed in this Document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.