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Application Proof of

Guangdong Topstar Technology Co., Ltd.
廣東拓斯達科技股份有限公司

(the "**Company**")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Guangdong Topstar Technology Co., Ltd.
廣東拓斯達科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB[1.00] per H Share**
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***Sole Sponsor,* [REDACTED], [REDACTED], [REDACTED], [REDACTED] *and* [REDACTED]**

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[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [**REDACTED**] *in the* [**REDACTED**]. *There are risks associated with any* [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set forth in the section headed "Risk Factors" in this Document. You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

Who We Are

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, 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). Backed by nearly two decades of experience in the intelligent manufacturing sector, we have established our expertise in injection molding equipment and CNC machining centers, being the primary processing equipment for both fundamental materials for industrial applications, plastics and metals, respectively. In order to fulfill our mission of making industrial manufacturing better, we are actively exploring overseas markets such as Southeast Asia and Mexico, which align with the outbound pace of Chinese manufacturing.

Our broad downstream customer base, spanning domestic and overseas markets, offers multiple potential application scenarios for the deployment of our robotic products, which would also serve as a rich real-world data source for us to refine our process expertise and continuously enhance the generalization capabilities of our AI models. We enjoy the synergies among the scenarios, robots, data and AI in our business operations:

- ***Scenario:*** We leverage our experience in injection molding and CNC machining to identify high-value industrial application scenarios. These real-world production environments define the functional requirements for our products.
- ***Robot:*** Based on these defined scenarios, we have developed a comprehensive industrial robot portfolio ranging from Cartesian and multi-joint robots to collaborative robots (including modular sensing joints) and humanoid robots.
- ***Data:*** Through the deployment of our robots, we aim to utilize multi-sensor fusion technologies (including spatial, visual and force sensing) to capture high-quality data from real-world operations.
- ***AI:*** We will then use the data to continuously train and iteratively upgrade our AI models, thereby strengthening our competitive position for expanding to broader industrial applications and, ultimately, to all commercial scenarios.

Our Overseas Markets

Beyond Chinese Mainland, we have expanded our business to selected overseas markets. During the Track Record Period, we had sales to overseas customers including customers from Vietnam and Indonesia, among other countries. Our overseas revenue was principally derived from sales of products and solutions across our industrial robots and automation systems, injection molding equipment, and intelligent energy and environmental projects. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, revenue generated from our overseas sales accounted for 11.0%, 20.9%, 26.3%, 11.9% and 26.6% of our total revenue, respectively, demonstrating strong growth momentum. Going forward, we intend to sustain our global expansion efforts and capitalize on the business opportunities in international markets.

Our Business

Our business is primarily centered on industrial robots and automation systems and supported by high-end 5-axis linkage CNC machining centers and injection molding equipment. We also provide intelligent energy and environmental projects in addition to our core businesses.

Industrial Robots and Automation Systems

We have developed a comprehensive product portfolio comprising Cartesian robots, multi-joint robots and embodied AI robots. Our industrial robots and automation systems are widely used in various industries. Our customer base covers substantially all of the top five consumer electronics manufacturers in 2024 in Chinese Mainland, according to Frost & Sullivan.

We have expanded our offerings into embodied AI. We launched the first intelligent humanoid robot in Chinese Mainland, deployed in injection molding production scenarios, and our quadruped robots "Xingzai" (星仔) are capable of performing multiple tasks across different application scenarios. Moreover, we have launched flexible sorting and loading workstations, embodied AI palletizing workstations and AI-driven creative block assembly workstations, continuously expanding the deployment of embodied AI in industrial applications. For details, see "Business — Our Products and Solutions — Industrial Robots and Automation Systems."

CNC Machining Centers

Our 5-axis linkage CNC machining centers are designed to process components and to facilitate multi-process integrated machining, delivering enhanced processing efficiency and precision and providing advantages in the machining of complex metal components for humanoid robots, such as structural parts, joint components, housings and other critical mechanical parts. Our 5-axis linkage CNC machining centers are widely applied in metal processing scenarios across industries such as civil aviation, automotive, humanoid robots, semiconductors, and low-altitude aircraft.

Injection Molding Equipment

Our injection molding equipment portfolio includes injection molding machines and auxiliary equipment such as three-in-one auxiliary units, mold temperature controllers and automatic feeding systems, which together form a comprehensive turnkey plastic injection molding plant solutions. Such solutions are widely applied in plastic injection molding scenarios across industries such as consumer electronics, automotive components, household appliances, household chemical products, packaging, toy manufacturing and medical devices.

Intelligent Energy and Environmental Projects

During the Track Record Period, a significant portion of our revenue was generated from our intelligent energy and environmental projects. Under this business, we primarily provide two types of services: (i) injection molding-related electromechanical engineering services, which primarily involve utilities installation such as water, electricity and compressed air systems, designed to support injection molding production environments; and (ii) non-injection molding electromechanical engineering services, which include cleanroom construction, ventilation systems and large-scale integrated electromechanical engineering projects for broader industrial applications. In line with our strategic focus on our core businesses, we have primarily scaled down the non-injection molding electromechanical engineering services during the Track Record Period, and have phased down most of this non-core service in the first half of 2026. Our injection molding-related electromechanical engineering services, which are more closely connected with our injection molding equipment business, continue to be maintained but on a selective basis. In selecting projects under this sub-segment, we primarily consider whether the project would generate synergies with our other product offerings or enhance customer loyalty and satisfaction, and generally require the project to meet our internal profitability thresholds and contract size parameters.

We expect to substantially complete the scale-down of non-injection molding electromechanical engineering services by the end of 2026, and we will operate the services thereafter under an agency model, receiving a service fee of approximately 3% of the relevant contract amount from associates of Mr. Huang Daibo, our former executive Director previously responsible for this business, with the related personnel having been reallocated as of March 31, 2026. We expect our revenue generated from this business line will further decrease while our overall profitability is expected to be benefited from the reduced scale of this business line, without a material adverse impact on our other business segments. See "Business — Our Products and Solutions — Intelligent Energy and Environmental Projects" and "Continuing Connected Transactions" for further details.

Our Technical Strength and Product Competitiveness

In the embodied AI era, large models, control systems, and mechanical structures and drives constitute the "brain", "cerebellum" and "body" of a robot, respectively. The "cerebellum" facilitates the connection of digital and physical worlds, while the "brain" and "body" adapt to increasingly diverse application scenarios through continuous iteration. We have established technical expertise and strategic layout across all three of these critical elements for robots: (i) a "Robust Body" leveraging over a decade of experience in controllers, servo drives, and core algorithms; (ii) an "Advanced Cerebellum" featuring our self-developed X5 Robot Control System, the Chinese Mainland's first intelligent robot control platform with cloud-edge-end deployment and integrated sensing-computing-control; and (iii) an "Intelligent Brain" developed through strategic collaborations and R&D to build industrial AI embodied models. These technologies are embedded in numerous mature process application solutions across light industrial sectors, which serve as operational blueprints. See "Business — Research and Development."

COMPETITIVE STRENGTHS

We attribute our success to and distinguish ourselves by the following key competitive strengths: (i) two fundamental intelligent equipment lines as customer-growth engines driving global leading customer coverage and operations; (ii) synergies among the scenarios, robots, data and AI driven by deep process know-how and high-quality data; (iii) renowned industrial robot provider in Chinese Mainland extending accumulated technological advantages to embodied AI; and (iv) experienced and insightful management team and integrated operational systems driving efficient operations. See "Business — Competitive Strengths."

OUR STRATEGIES

We will continue to pursue the following strategies to further expand our business: (i) strengthen R&D in embodied AI and core technologies to build technological barriers and an integrated portfolio of robotic products; (ii) broaden application scenarios and capitalize on the value of process and data; (iii) expand our global network and enhance our customer base; and (iv) prudently pursue strategic acquisitions and investments to accelerate ecosystem development. See "Business — Our Strategies."

OUR PRODUCTS AND SOLUTIONS

Our products and solutions include (i) industrial robots and automation systems, (ii) injection molding equipment, (iii) CNC machining centers and (iv) intelligent energy and environmental projects, as our non-core business.

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*	*%*
							(unaudited)			
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	2.3	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.

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include manufacturing companies, engineering companies, and tech companies, which operate in consumer electronics, automotive, aerospace and new energy industries, among others. In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our five largest customers accounted for 36.9%, 43.5%, 41.3% and 59.5% of our total revenue in the same periods, respectively. See "Business — Our Customers."

Our suppliers primarily comprise manufacturers and providers of components, raw materials and auxiliary parts used in our industrial robots and automation systems, injection molding equipment, CNC machining centers, and intelligent energy and environmental projects including suppliers of steel, wires and cables, CNC systems, castings, motors and drives, and other production materials. In 2023, 2024, 2025 and the three months ended March 31, 2026, purchases from our five largest suppliers accounted for 7.2%, 12.7%, 14.7% and 20.8% of our total purchases in the same periods, respectively. See "Business — Our Supply Chain."

COMPETITION

The global automated manufacturing equipment industry in which we operate is highly competitive and characterized by rapid technological evolution. Automated manufacturing equipment refers to automated manufacturing equipment integrated with software featuring data collection, data analysis, data feedback, execution and control functions. In 2025, the market size of automated manufacturing equipment market in Chinese Mainland has reached RMB1,197.7 billion. Specifically, industrial robotic solutions market, injection molding equipment market, CNC machining center market, and intelligent energy and environmental management system market accounted for 7.7%, 3.3%, 10.9%, and 2.2% of the automated manufacturing equipment market, respectively. Looking ahead, the market size of the automated manufacturing equipment market is projected to expand to RMB2,427.3 billion,

with a CAGR of 15.0% from 2025 to 2030. The competitive landscape of automated manufacturing equipment industry in Chinese Mainland is relatively concentrated. We compete with players whose businesses include industrial robots and automation systems, injection molding equipment, and CNC machining centers. We face intense competition in areas including control algorithms, vision systems, motion control units, as well as automated production, flexible processing, and intelligent detection. With a diversified product portfolio, extensive sales network, and advanced software-hardware integration capabilities, we believe that we are well-positioned to maintain a long-term competitive advantage in our industry. See "Industry Overview."

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. The more significant risks relating to our business and industry include: (i) We may be unable to retain existing customers, attract new customers or increase sales; (ii) Failure to keep up with the latest technological development or trends in our industry will materially and adversely affect our business, financial conditions and results of operations; (iii) the expansion into new product categories may expose us to new challenges and more risks; (iv) we face fierce competition in the automated manufacturing equipment industry; and (v) we cannot guarantee that our business initiatives and strategies will be successfully implemented or will generate sustainable revenue or profit.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss

	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)			
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 and gains	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/period	**105,992**	**2.3**	**(238,952)**	**(8.3)**	**73,141**	**2.9**	**(798)**	**(0.2)**	**42,845**	**8.0**

Revenue

Our total revenue decreased from RMB4,552.7 million in 2023 to RMB2,510.1 million in 2025. The decline from 2023 to 2025 was primarily driven by a progressive scale-down in revenue from our non-core business, intelligent energy and environmental projects. In addition, our revenue from industrial robots and automation system business also decreased from RMB968.5 million in 2023 to RMB685.1 million in 2025, primarily reflecting a strategic reduction in acceptance of certain customized orders, resulting in a decline in sales volume of automation systems from approximately 2.5 thousand sets in 2023 to 1.3 thousand sets in 2025, as we concentrated resources on key account customers in the consumer electronics industry. Our revenue increased 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 increase in our revenue from industrial robots and automation system business as the sales volume of our automation systems increased from approximately 0.3 thousand sets in the three months ended March 31, 2025 to approximately 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.

Gross Profit and Gross Profit Margin

Our total gross profit decreased from RMB803.2 million in 2023 to RMB419.1 million in 2024 and increased to RMB709.2 million in 2025. Our gross profit margin decreased from 17.6% in 2023 to 14.6% in 2024 and subsequently increased to 28.3% in 2025. The fluctuation of our gross profit and gross profit margin is primarily because we recorded gross loss of RMB143.4 million and gross loss margin of 11.7% for our intelligent energy and environmental projects business line in 2024 primarily, as customers in the photovoltaic and lithium battery industries experienced operating challenges including intensified competition, overcapacity and financial strain, which prolonged project acceptance cycles, gave rise to additional costs in fulfilling stricter acceptance requirements and adversely impacted project settlement processes. Our gross profit margin improved significantly in 2025 primarily due to our intelligent energy and environmental projects subsequently recovered to a gross profit margin of 14.7% in 2025, as we exercised stricter selection criteria in order acceptance by prioritizing projects with more favorable profit margins over volume-driven growth, together with the implementation of more rigorous cost controls across the full project lifecycle. Our gross profit margin remained relatively stable at 32.1% in the three months ended March 31, 2025 and 32.5% in the three months ended March 31, 2026.

Profit/(loss) for the year/period

Fluctuations in our net profit/loss during the Track Record Period were primarily attributable to the fluctuation of our gross profit, which decreased from RMB803.2 million in 2023 to RMB419.1 million in 2024 and subsequently increased to RMB709.2 million in 2025, and further increased from RMB116.3 million in the three months ended March 31, 2025 to RMB174.7 million in the three months ended March 31, 2026. The significant fluctuation of gross profit from 2023 to 2025 was primarily resulted by the gross loss recorded by our intelligent energy and environmental projects business line in 2024 and its subsequent recovery in 2025. Our industrial robots and automation systems business line, which generally commands a higher gross profit margin, remained profitable throughout the Track Record Period and contributed an increasing proportion of our gross profit from 31.6% in 2023 to 34.6% in 2025 and further to 61.8% in the three months ended March 31, 2026. As a result of the foregoing, we recorded a net profit of RMB106.0 million in 2023, a net loss of RMB239.0 million in 2024, a net profit of RMB73.1 million in 2025, a net loss of RMB0.8 million in the three months ended March 31, 2025, and a net profit of RMB42.8 million in the three months ended March 31, 2026.

See "Financial information — Principal Components of Consolidated Statements of Profit or Loss" and "Financial Information — Results of Operations."

Summary of Selected Items of Financial Positions

	As of December 31,			As of March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	1,640,098	1,774,054	1,831,858	1,869,493
Current assets	5,453,147	4,161,618	4,385,268	4,097,859
Total assets	**7,093,245**	**5,935,672**	**6,217,126**	**5,967,352**
Non-current liabilities	1,015,381	300,953	407,664	383,312
Current liabilities	3,562,727	2,739,546	2,820,212	2,550,489
Total liabilities	**4,578,108**	**3,040,499**	**3,227,876**	**2,933,801**
Net current assets	**1,890,420**	**1,422,072**	**1,565,056**	**1,547,370**
Net Assets	**2,515,137**	**2,895,173**	**2,989,250**	**3,033,551**

Net Current Assets

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 to 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, partially offset by a decrease in trade and bills receivables of RMB249.8 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, partially offset by a decrease in trade and bills payables of RMB449.5 million.

Net Assets

Comparison between December 31, 2025 and March 31, 2026. Our net assets remained relatively stable at RMB2,989.3 million as of December 31, 2025 and RMB3,033.6 million as of March 31, 2026.

Comparison between December 31, 2024 and December 31, 2025. Our net assets increased from RMB2,895.2 million as of December 31, 2024 to RMB2,989.3 million as of December 31, 2025, primarily attributable to (i) profit for the year of RMB73.1 million and (ii) capital contribution by a non-controlling shareholder of RMB20.0 million.

Comparison between December 31, 2023 and December 31, 2024. Our net assets increased by 15.1% from RMB2,515.1 million as of December 31, 2023 to RMB2,895.2 million as of December 31, 2024, primarily attributable to conversion of bonds of RMB675.2 million, partially offset by (i) loss for the year of RMB239.0 million and (ii) acquisition of treasury shares of RMB21.1 million.

See "Financial Information — Selected Balance Sheet Items."

Summary of Combined Statements of Cash Flows

	Year Ended December 31,			Three Months Ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash flows generated from/ (used in) operating activities	277,353	131,778	428,349	(59,284)	(129,780)
Net cash flows (used in)/generated from 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**

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or 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.

LEGAL PROCEEDINGS AND COMPLIANCE

We may, from time to time, become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

See "Business — Legal Proceedings and Compliance."

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Wu, our executive Director, chairperson of our Board, and president of our Company, was entitled to exercise approximately 30.47% of the voting rights in our Company (excluding the 2,342,668 A Shares held by our Company as Treasury Shares) through 144,629,860 A Shares directly held by him. Immediately after completion of the [**REDACTED**], Mr. Wu will be entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company (excluding the 2,342,668 A Shares held by our Company as Treasury Shares assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). Accordingly, Mr. Wu will constitute our Single Largest Shareholder and our Company will not have any controlling shareholder as defined under the Listing Rules upon the completion of the [**REDACTED**]. See "Relationship with Our Single Largest Shareholder" in this document for further details.

PRIOR QUOTATION ON THE NEEQ AND LISTING ON THE CHINEXT MARKET OF THE SHENZHEN STOCK EXCHANGE

From December 24, 2014 to January 26, 2017, Shares of our Company were quoted on the NEEQ under the stock code 831535. The purpose of the quotation on the NEEQ was to improve our Company's management and corporate governance and enhance its brand awareness and competitiveness. Having considered the needs of our Group's business operations and long-term strategic development, as well as to facilitate the preparation for our A Shares' listing on the ChiNext Market of the Shenzhen Stock Exchange and subsequent equity financing, our Company voluntarily withdrew the quotation of our Shares from the NEEQ and our Shares ceased to be quoted on the NEEQ on January 26, 2017. Our Directors confirm that when our Shares were quoted on the NEEQ and up to our withdrawal from the NEEQ, our Company had been in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and had not been subject to any material administrative penalty or administrative supervision measures by the NEEQ, the CSRC or other competent securities regulatory authorities.

On February 9, 2017, our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange under the stock code 300607. As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects during the Track Record Period and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**]'s attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that, (i) during the Track Record Period and up to the Latest Practicable Date, there had been no instances of non-compliance of our Group with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects and (ii) our Company has complied with all laws and regulations, in all material respects, applicable to the A Share's listing throughout the two full financial years immediately preceding the new [**REDACTED**] application and up to the Latest Practicable Date. See "History and Corporate Structure — Company Corporate Development and Major Shareholding Changes — Prior Quotation on the NEEQ and Listing on the ChiNext Market of the Shenzhen Stock Exchange" in this document for further details.

CONTINUING CONNECTED TRANSACTIONS

We expect to continue to conduct certain transactions that will constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the [**REDACTED**]. See "Continuing Connected Transactions" in this document for further details.

[**REDACTED**]

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. 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."

FUTURE PLANS AND USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below: (i)

approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for the research and development of embodied AI technology and the development of embodied AI products; (ii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for expansion of sales service network and brand building; (iii) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for strategic investments and industrial ecosystem establishment; (iv) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for bank loan repayment; and (v) approximately [**REDACTED**]% of the [**REDACTED**], or HK$[**REDACTED**], is expected to be used for working capital supplementation and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]."

APPLICATION FOR [REDACTED] ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the [**REDACTED**] of, and permission to [**REDACTED**] our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue of RMB2,510.1 million (equivalent to approximately HK$2,789.9 million) in the financial year ended December 31, 2025 which exceeds HK$500 million, and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid point of the indicative price range stated in this document, exceeds HK$4 billion.

[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$[**REDACTED**], accounting for approximately of [**REDACTED**]% of our [**REDACTED**]. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of HK$[**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**].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, our outstanding orders amounted to approximately RMB1,297.3 million in aggregate. Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to maintain stable business operations and acquired over 400 new customers, reflecting a steady pace of business development. 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 end date of our latest combined financial statements, and there has been no event since March 31, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary."

"2023 Restricted Share Incentive Plan"	our restricted share incentive plan approved by our Shareholders on September 8, 2023
"2025 Employee Shareholding Plan"	our employee shareholding plan approved by our Shareholders on December 24, 2025
"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the ChiNext Market of the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of our A Share(s)
"A-Share Incentive Plans"	our 2023 Restricted Share Incentive Plan and 2025 Employee Shareholding Plan, the principal terms of which are set out in "Statutory and General Information — A-Share Incentive Plans" in Appendix VII to this document
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"AFRC"	Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or **"Articles"**	the articles of association of our Company, conditionally adopted on [●] with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix VI to this document
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
	[**REDACTED**]
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
	[**REDACTED**]

"China", "Chinese Mainland" or **"PRC"**	the People's Republic of China and for the purpose of this document and for geographical reference only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"ChiNext Market of the Shenzhen Stock Exchange"	ChiNext Market of the Shenzhen Stock Exchange (深圳證券交易所創業板市場)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "C(WUMP)O"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," "we," "our" or **"us"**	Guangdong Topstar Technology Co., Ltd. (廣東拓斯達科技股份有限公司), a company established under the laws of the PRC with limited liability on June 1, 2007 and converted into a joint stock company with limited liability on March 24, 2014, whose A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300607.SZ)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Dachen LP"	Yongxin County Dachen Enterprise Management Consultancy Center (Limited Partnership) (永新縣達晨企業管理諮詢中心(有限合夥)), a limited partnership established under the laws of the PRC on October 17, 2013, and our employee shareholding platform
"Director(s)"	the director(s) of our Company
"Dongguan AFMING"	Dongguan AFMING Numerical Control Equipment Technology Co., Ltd. (東莞市埃弗米數控設備科技有限公司), a limited liability company established in the PRC on June 17, 2015, and a non wholly-owned subsidiary of our Company
"Topstar Intelligent Environment (Dongguan)"	Dongguan Topstar Intelligent Environment Technology Co., Ltd. (東莞拓斯達智能環境技術有限公司), a limited liability company established in the PRC on May 21, 2018, and a wholly-owned subsidiary of our Company
"Topstar Intelligent Environment (Jiangsu)"	Jiangsu Topstar Intelligent Environment Technology Co., Ltd. (江蘇拓斯達智能環境科技有限公司, formerly known as Suzhou Meilizhi Electronic Technology Co., Ltd. (蘇州美利智電子科技有限公司)), a limited liability company established in the PRC on June 30, 2021, and a wholly-owned subsidiary of our Company

"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
"Frost & Sullivan Report"	the industry report commissioned by us and independently prepared by Frost & Sullivan, a summary of which is set forth in "Industry Overview" in this document
	[**REDACTED**]
"Group," "our Group," "we," "our" or **"us"**	our Company and our subsidiaries from time to time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange
"H Shareholder(s)"	holder(s) of our H Share(s)
	[**REDACTED**]

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or **"HK$"**	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

"Independent Third Party(ies)"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company
"Indonesian Rupiah" or "IDR"	Indonesian Rupiah, the lawful currency of Indonesia
"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes, and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered, and enforced by the U.S. government, the European Union and its member states, the United Kingdom or government of Australia
"International Sanctions Legal Advisor"	King & Wood, our legal advisors as to International Sanctions laws in connection with the [**REDACTED**]
"Topstar Intelligent Technology"	Topstar Intelligent Technology (Dongguan) Co., Ltd. (拓斯達智能科技(東莞)有限公司, formerly known as Dongguan Yetian Intelligent Equipment Co., Ltd. (東莞市野田智能裝備有限公司)), a limited liability company established in the PRC on February 27, 2012, and a wholly-owned subsidiary of our Company

[**REDACTED**]

"Latest Practicable Date"	July 12, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange
	[**REDACTED**]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Wu"	Wu Fengli (吳豐禮), our key founder, Single Largest Shareholder, chairperson of our Board, executive Director and president
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Nomination Committee"	the nomination committee of the Board
	[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Data Compliance Legal Advisor"	China Commercial Law Firm, our legal advisor as to PRC data and cybersecurity laws
"PRC Legal Advisor"	Jia Yuan Law Offices, our legal advisor as to PRC laws
"PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Primary Sanction"	U.S. sanctions applicable to U.S. persons or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving goods subject to the United States Export Administration Regulations ("**EAR**"), even if performed by non-U.S. persons). Definitions of primary sanctions and secondary sanctions under the laws and regulations of the U.S. are basically consistent with the Guide for New Listing Applicants
"Property Valuation Report"	the text of a letter, summary of values and valuation particulars from Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd., as set out in Appendix III to this document
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	Our Company, together with our Single Largest Shareholder and Shareholders and persons who might, directly or indirectly, be involved in permitting the [**REDACTED**], [**REDACTED**], clearing and settlement of our Shares, including the Stock Exchange and related group companies
"Relevant Countries"	Afghanistan, Belarus, Russia, Serbia, Tunisia, Turkey and Ukraine
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or **"RMB"**	Renminbi, the lawful currency of China
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)

"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"Sanctioned Country"	any country or territory subject to a general and comprehensive export, import, financial or investment embargo under sanctions-related law or regulation of the Relevant Jurisdiction
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"Secondary Sanction"	U.S. sanctions that may be imposed on non-U.S. persons for engaging in specified sanctionable activities, even in the absence of a U.S. jurisdictional nexus
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Single Largest Shareholder"	the person as named in "Relationship with our Single Largest Shareholder" in this document and unless the context requires otherwise, refers to Mr. Wu
"Sole Sponsor"	the sole sponsor as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
	[**REDACTED**]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Strategy Committee"	the strategy committee of the Board
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Topstar (HK)"	Topstar Worldwide Group Limited (拓斯達環球集團有限公司), a limited liability company incorporated in Hong Kong on November 13, 2017, and a wholly-owned subsidiary of our Company
"Topstar (Vietnam)"	Topstar (Vietnam) Technology Company, a company incorporated in Vietnam on November 29, 2019, and a wholly-owned subsidiary of our Company
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026
"Treasury Share(s)"	the Share(s) our Company repurchased and holds in treasury; unless otherwise specified, Treasury Shares are excluded when calculating the percentage of shareholding or voting power of our Company in this document
"U.S. dollars" or **"US$"**	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[**REDACTED**]

"United States" or **"U.S."**	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VAT"	value-added tax

[**REDACTED**]

"%"	percent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "controlling shareholder(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

This glossary contains explanations of certain technical terms used in this Document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"AI"	artificial intelligence
"API"	application programming interface, a set of predefined rules, protocols and tools that allow users to integrate AI capabilities into applications, websites or software
"CAGR"	compound annual growth rate
"Cartesian robot"	a type of industrial robot that operates based on linear motion along three mutually perpendicular axes, typically the X, Y and Z axes, enabling precise positioning and repeatable movement within a rectangular working envelope. Cartesian robots are commonly driven by linear actuators or servo-controlled systems and are widely used in industrial automation applications such as material handling, pick-and-place operations, injection molding part removal, assembly and machining processes, where high accuracy, rigidity and ease of programming are required
"cloud-edge-end"	a system deployment architecture in which: (i) the "cloud" typically refers to brain models deployed in data centers or servers, primarily responsible for general reasoning, complex decision-making, long-term memory, model training, global coordination and strategic decision-making; (ii) the "edge" typically refers to master control units deployed on the robot side, primarily responsible for real-time perception, motion generation, localized decision-making, task execution and safety monitoring; and (iii) the "device" typically refers to joint actuators, sensors and similar components, primarily responsible for sensor data acquisition, emergency stop functions and control execution
"CNC"	computer numerical control, a technology that enables the automated control of machine tools through programmed instructions encoded in numerical data
"consumer electronics"	electronic devices and equipment designed for everyday personal or household use, including products for communication, entertainment, information processing and home applications
"embodied AI"	the integration of artificial intelligence into physical systems, enabling them to interact with the physical world. These systems can include general-purpose robots, humanoid robots and etc.

GLOSSARY

"EtherCAT"	Ethernet for Control Automation Technology, an Ethernet-based fieldbus system developed for real-time industrial automation communication
"EtherCAT bus communication"	Ethernet for Control Automation Technology, an Ethernet-based open real-time industrial communication protocol designed to enable deterministic data transmission with microsecond-level cycle times among industrial control devices
"GFA"	gross floor area
"GTRT"	gear-driven cradle rotary table technology
"heterogeneous SoC-based control"	a control architecture utilizing a heterogeneous system-on-chip, where multiple processing units with different computing architectures are integrated on a single chip to collaboratively perform motion control and related processing functions
"humanoid robot"	a robot engineered to resemble the human body in shape and form, typically featuring human-like mobility and autonomous decision-making capabilities to perform complex tasks in real-world environments
"I/O"	input/output, referring to the communication interface between a control system and external devices or signals, through which data, commands or status information are received (input) and transmitted (output). I/O is commonly used in industrial automation and control systems to connect sensors, actuators, machines and peripheral equipment, enabling monitoring, control and coordination of system operations
"I/O control"	a signal chain management process in industrial automation systems whereby physical input signals from sensors, switches and similar devices are conditionally acquired, processed through control logic operations, and converted into control commands transmitted to actuators such as drives and valves
"injection molding machine"	machine that transforms raw plastic pellets into finished parts by heating the plastic until it melts, injecting it into a mold, and cooling it to solidify into the desired shape

GLOSSARY

"IntarkDB"	a database platform developed based on openGauss, designed to serve as a data infrastructure for embodied AI and industrial applications. IntarkDB supports the collection, storage, management and analysis of industrial data, enabling the integration of perception, decision-making and execution data across robotic and automation systems. It is intended to support the evolution of industrial robots from traditional programmable equipment to intelligent agents with enhanced sensing, decision-making and execution capabilities
"IT"	information technology
"multi-joint robot"	robot that takes rotating joints as its main motion units and achieve spatial movement with multiple degrees of freedom through the combination of multiple joints
"OT"	operational technology, referring to hardware and software systems used to monitor, control and operate physical devices, processes and industrial equipment
"PLC"	programmable logic controller, a specialized industrial control device designed to perform real-time control of machinery and industrial processes
"QsemOS"	an embedded operating system developed based on the openEuler operating system. QSemOS is engineered for industrial and robotic applications, supporting real-time performance, system stability and security requirements, and provides an operating system foundation for industrial control, robotic control and other automated manufacturing equipment
"R&D"	research and development
"RGM"	real-time general motion, referring to a motion control framework or interface that supports deterministic, real-time control of multi-axis motion in industrial automation and robotic systems
"SCARA"	selective compliance assembly robot arm, with the ability to move freely and maintain stiffness in four axes while being compliant in the final axis
"UV printing"	a printing process that uses ultraviolet light to rapidly cure or dry inks during printing. UV printing enables high-resolution, durable and fast-drying prints and is widely applied in industrial manufacturing for surface marking, decoration and functional printing, particularly in automated production lines

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- our business and operating strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our financial condition and performance;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**].

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may be unable to retain existing customers, attract new customers or increase sales.

Our products are primarily offered to the downstream end customers of multiple industries, including consumer electronics, automotive components, home appliances, household chemical products, packaging, toy manufacturing and medical devices. Factors that adversely affect these industries could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others: (i) a decline in demand for, or negative perception of, or publicity about, our products in these industries, (ii) the reduction or elimination of preferential tax treatments, economic incentives and other favorable government policies on our downstream end customers, (iii) regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries, (iv) a downturn in general economic conditions of major countries and regions that import our products, and (v) the macroeconomic condition which affects these application sectors.

As a result, if we fail to adjust to changes in the market condition of our downstream application sectors, our business, financial condition, results of operations and prospects will be adversely affected.

Failure to keep up with the latest technological development or trends in our industry will materially and adversely affect our business, financial conditions and results of operations.

We must continuously invest in R&D to maintain our competitive edge and to meet the latest downstream market needs, technological advancement and industry standards. The automated manufacturing equipment industry, in which we operate, is characterized by rapid technological evolution. In particular, the integration of embodied AI technology into industrial robotic solutions has rendered such solutions more intelligent and flexible, enabling them to handle more complex and non-standardized production tasks, while our downstream application sectors, such as new energy, automotive manufacturing and consumer electronics, continue to impose evolving demands for manufacturing precision, efficiency and production flexibility. Keeping pace with these technological developments and industry standards requires extensive cross-sector experience, a deep understanding of customer-specific processing technologies and significant and sustained investment in research and development. In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and development expenses were RMB138.0 million, RMB109.2 million, RMB130.4 million and RMB30.9 million, respectively. However, our R&D activities may involve significant time, risks and uncertainties. For example, our R&D team may not be able to coordinate and manage R&D projects or the expenses associated with these activities may affect our profit margins and operating results. Moreover, our products are used in a variety of application sectors. Technological advancement and new industry standards in these downstream application sectors may affect the application requirements of our end customers and their products. Failure to develop new products or refine our technologies to match the different or additional requirements of our customers would adversely affect our business operations.

The expansion into new product categories may expose us to new challenges and more risks.

As part of our growth strategy, we have been and will continue to develop and introduce new products, as well as explore applications of our products into various industry verticals. We may lack sufficient experience, capabilities, or market insights in certain new areas, which could hinder our ability to effectively compete or adapt to specific customer preferences, technological requirements, or supply chain dynamics. There can be no assurance that our new products, services, or business lines will be successfully launched, gain market acceptance, or achieve the intended business or financial performance. We may fail to accurately anticipate market conditions or underestimate the intensity of competition from existing or more established players in these areas. Moreover, we may also face difficulty in hiring and retaining qualified personnel with the relevant expertise or in scaling our risk management, compliance, and IT systems in time to support such growth. We may fail to comply or adapt to unfamiliar regulatory requirements or approval processes specific to new products, services, or markets. Our innovations may be imitated by competitors, limiting the commercial viability or lifecycle of our new offerings. Any unexpected development in relation to the above factors could materially and adversely affect our business prospects, results of operations and financial condition.

We face fierce competition in the automated manufacturing equipment industry.

We operate in the automated manufacturing equipment industry which highly competitive. In 2025, within the industrial robotic solutions market in Chinese Mainland, there are over 250 active participants, and the combined revenue of the top five providers amounted to approximately RMB21.8 billion, accounting for a combined market share of 23.6%. In 2025, within the injection molding equipment market in Chinese Mainland, there are approximately 100 active participants, and the combined revenue of the top five providers amounted to RMB18.5 billion, accounting for a combined market share of 61.7%. In 2025, within the 5-axis linkage CNC machining center market in Chinese Mainland, there are approximately 50 active participants, and the combined revenue of the top five providers amounted to RMB5.2 billion, accounting for a combined market share of 42%. If we compete with players that offer competitive products at lower prices, or if we do not have or in the future fail to gain more financial resources, sophisticated technological capabilities or broader customer base than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors. We may also face competition with new entrants, who may offer more affordable and/or advanced products. Such new entrants may result in more intense industry competition and adversely impact the sales, price and profit margins of our products and our market share. If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

We cannot guarantee that our business initiatives and strategies will be successfully implemented or will generate sustainable revenue or profit.

The success of our growth initiatives, strategies, collaborations and operating plans depends on various factors, such as market conditions, competition, regulatory requirements, technological changes, economic conditions and customer preferences. If these factors do not develop as we expect, our growth initiatives, strategies and operating plans may not be successful in enhancing our business as anticipated. Furthermore, the execution of these plans may require significant investments of capital, resources and management time, and we may face challenges in implementing them effectively or within the expected time frame. As a result, our business, results of operations, financial condition and prospects may be adversely affected.

We have been and intend to continue investing in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and enhance our products and technological capabilities. In 2023, 2024, 2025 and the three months ended March 31, 2026, our research and

development expenses were RMB138.0 million, RMB109.2 million, RMB130.4 million and RMB30.9 million, respectively, accounting for 3.0%, 3.8%, 5.2% and 5.7% of our total revenue for the respective periods. The industry in which we operate is subject to rapid technological innovations. We have been investing heavily in our R&D activities. However, since R&D activities are inherently uncertain, we may not obtain expected benefits or sufficient resources, including qualified R&D personnel and R&D equipment. Even if our R&D efforts delivered expected results, we may still encounter practical difficulties in commercialization. Moreover, new technologies could render our products obsolete, which could result in a decline in our revenue, profitability and market share.

If we are unable to maintain optimal capacity utilization rates of our manufacturing facilities, our profitability and results of operations would be adversely affected.

Decreases in capacity utilization rates can have a significant effect on our business. If we are unable to secure sufficient production capacity to meet customer demand during periods of market upswing, we may be unable to fulfill customer orders in a timely manner, potentially leading to a loss of sales, damage to our customer relationships, and a decline in our market share. Furthermore, any failure to meet delivery commitments for strategically important products, particularly for our key customers during new product introductions or technology transitions, could significantly harm our reputation as a reliable supplier and jeopardize our position in future high-growth programs. If current or future production capacity exceeds current or future customer demands, our facilities would be underutilized, potentially leading to significant impairment charges that would materially and adversely affect our business, financial condition, and results of operations.

Our business is subject to the risks associated with international expansion initiatives.

We have built up a broad and geographically diversified customer base in Chinese Mainland and selected overseas markets. In 2023, 2024, 2025 and the three months ended March 31, 2026, our overseas revenue accounted for approximately 11.0%, 20.9%, 26.3% and 26.6% of our revenue for the year/period, respectively. Notwithstanding such growth, the majority of our revenue during the Track Record Period was generated from Chinese Mainland. Our international expansion efforts are subject to risks resulting from foreign currency fluctuations, exchange controls, changes in tariffs, trade restrictions, trade agreements, tax policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, data protection, trade compliance, and intellectual property laws in the respective overseas jurisdictions. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. Our international expansion efforts may not produce the results we expect. We may face difficulties managing and staffing international operations and the increased operating, travel, infrastructure and legal compliance costs associated with international business. In addition, we must offer customer service in various languages, adapt and localize our service offerings for specific countries and regions, appropriately price our services and work with overseas business partners and other third parties, such as local transportation service providers. Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, results of operations and financial condition.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions and monetary penalties administered by the United States, the European Union, the United Kingdom, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom and Australia, have from time to time, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries, and may be subject to amendment, expansion or enhanced enforcement.

During the Track Record Period and up to the Latest Practicable Date, we exported injection molding machines and auxiliary equipment manufactured in the PRC to customers located in the Relevant Countries, which are not currently subject to comprehensive economic sanctions, but certain entities and individuals within Relevant Countries are subject to

targeted economic sanctions administered by certain relevant sanctions jurisdictions. In 2023, 2024, 2025 and the three months ended March 31, 2026, our revenue generated from Relevant Countries amounted to RMB15.7 million, RMB18.6 million, RMB11.2 million and RMB2.2 million, representing 0.4%, 0.7%, 0.5% and 0.3% of our total revenue in the respective periods.

As advised by our International Sanctions Legal Advisor, our sales to Relevant Countries did not constitute any Primary Sanctioned Activity and the overall secondary sanctions risk arising from such sales is relatively low. This is because we have no transactions with any Sanctioned Countries or Sanctioned Targets in the Relevant Countries. With respect to secondary sanctions, while certain of the Relevant Countries are subject to secondary sanctions programs, our sales to Afghanistan, Belarus, Serbia, Tunisia, Turkey, and Ukraine are not subject to the same sanctions regime applicable to Russia and, accordingly, do not carry the corresponding secondary sanctions risks. With respect to Russia specifically, our secondary sanctions risk to become designated under sanctions regime applicable to Russia is relatively limited as 1) our revenue attributable to Russia was less than 1% of our total revenue for each respective year/period during the Track Record Period, 2) our PRC-manufactured injection molding machines and auxiliary equipment exported to Russia are mature commercial products that are not listed on the Russia Critical Items Determination issued pursuant to subsection 11(a)(ii) of Executive Order 14024, nor on the Common High Priority List issued by BIS on February 23, 2024, and 3) we have no physical presence in Russia, including no subsidiaries, representative offices, branches, employees, or other personnel stationed or operating in Russia.

Notwithstanding the above, given the evolving nature of international sanctions regimes, there can be no assurance that the relevant authorities would not take a different view or introduce additional regulatory measures in the future. In the event that our historical transactions were to be regarded as giving rise to secondary sanctions exposure or violations, the potential legal consequences are expected to be limited to monetary penalties. Our Directors confirm that, in light of the evolving geopolitical environment, we have no intention to further expand its business in Russia and will continue to conduct business only with long-term customers assessed to be of relatively low sanctions risk, while maintaining and enhancing its sanctions compliance measures. Besides, our Directors are of the view that we are not exposed to any sanctions risks that would materially affect its business operations or financial performance.

In addition, prior to the Track Record Period, we conducted five export transactions with customers in Iran, involving injection molding machines and auxiliary equipment manufactured in Chinese mainland, with an aggregate transaction value of approximately US$173,792 (the "**Iran Historical Transactions**"), which were settled in U.S. dollars through the U.S. financial system. The relevant customers were not designated on any sanctions lists. Upon identifying the Iran Historical Transactions, we ceased all new transactions with Iran from such transactions onwards, irrespective of whether any U.S. nexus was involved. The Iran Historical Transactions were completed and fully concluded (including settlement) by February 2022. Our International Sanctions Legal Advisor has advised that, although the Iran Historical Transactions were completed outside the Track Record Period, such transactions could be reviewed on a retrospective basis by the relevant U.S. sanctions authorities as a result of the involvement of the potential clearing of U.S. dollar payments. The Iran Historical Transactions may result in the imposition of a monetary penalty by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). Having regard to the specific facts and circumstances that (i) the transactions were non-intentional and inadvertent, (ii) the transactions were completed in February 2022 and the Group has ceased all new transactions with Iran upon identifying; and (iii) the transaction were limited in number and value, pursuant to OFAC's Enforcement Guidelines, the estimated base monetary penalty for the Iran Historical Transactions would be approximately US$286,000, even if we were to forego the voluntary self-disclosure process ("**VSD**", a voluntary mitigating step an entity can decide to proceed to disclose an apparent/potential violation to the competent regulatory body, and the inaction of not submitting VSD itself is not a violation of U.S. sanctions). Based on the forgoing, our International Sanctions Legal Advisor is of the view that the Iran Historical Transactions are unlikely to result in the imposition of sanctions on

the Relevant Persons. During the Track Record Period and as of the Latest Practicable Date, we have not submitted a VSD in respect of the Iran Historical Transactions. We may, at our discretion and having regard to applicable circumstances, consider whether any such submission is appropriate at a relevant time.

We have enhanced our internal controls to ensure compliance with international sanctions. Specifically, under our internal control measures:

- we screen customers, suppliers, distributors, other counterparties and employees, including their beneficial owners, controllers and affiliates, against applicable sanctions lists before and during engagement, and prohibit any direct or indirect dealings with Sanctioned Countries or Sanctioned Targets;
- we generally include sanctions compliance undertakings in contracts, purchase orders and other transaction documents, requiring counterparties to avoid any conduct that may cause us to breach applicable sanctions laws;
- employees are required to promptly report any actual or potential sanctions compliance issues to our legal department, which will assess and determine appropriate follow-up actions; and
- we provide sanctions compliance training to relevant personnel, including but not limited to our Directors, senior management and sales personnel, to enhance their ability to identify and manage sanctions risks in daily operations.

As advised by our International Sanctions Legal Advisor, our Directors are of the view that there is no apparent or material sanctions risk, including Primary Sanctioned Activity or Secondary Sanctionable Activity, presented by our Iran Historical Transactions or our business transactions during the Track Record Period and as of the Latest Practicable Date, as (i) we have ceased and are committed to not engaging in any transactions with comprehensive sanctioned countries, and have implemented a sanctions compliance programme designed to substantially mitigate sanctions-related risks, (ii) any such monetary penalty, if imposed, would not have a material adverse impact on our business, financial condition or results of operations, and (iii) during the Track Record Period and as of the Latest Practicable Date, our business activities did not constitute a violation of International Sanctions or U.S. Primary Sanctions, and we did not engage in any transactions with sanctioned targets or comprehensively sanctioned countries. Nevertheless, new or enhanced sanctions requirements or restrictions may be introduced in the future, which could subject us to increased regulatory scrutiny, particularly in relation to our international business activities. If the relevant authorities were to determine that any our activities constitute a violation of applicable sanctions, our business operations and reputation could be adversely affected.

We may not be able to fully maintain quality control over our products.

The quality of our products depends on the effectiveness of our quality control and quality assurance, which in turn depends on factors such as the quality and reliability of parts and components used, the quality of our staff and relevant training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocols. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our quality control and quality assurance protocols could render our products unable to perform their regular functions, cause safety concerns that may result in physical injuries to individuals, or harm our market reputation and relationship with business partners. In addition, the quality of parts, components and/or products manufactured by our suppliers that we incorporate into our products is beyond our control. We cannot assure you that the parts, components and/or products we procure from them are safe and free of defects or can meet the relevant quality standards. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any of the foregoing incidents may materially and adversely affect our business, results of operations and financial condition.

Disruptions and suspension of our production base can significantly impact our production volume, thus could adversely and materially impact our business and results of operations.

As of March 31, 2026, we operated a production base in Dongguan, Guangdong Province. Our production and operations are managed through a coordinated model of

in-house manufacturing and outsourced processing. This encompasses the entire process from parts production and final assembly to quality testing, logistics, and on-site installation when required. Any delay or stoppage of production caused by adverse weather, natural disaster or other unanticipated catastrophic event, including, without limitation, power interruptions, water shortage, storms, fires, earthquakes, terrorist attacks and wars, could significantly impair our ability to produce our products and operate our business. Our machineries and equipment housed in the production base would be difficult to replace and could require substantial replacement lead-time. Catastrophic events may also destroy any inventory stored in our facilities. Any stoppage in production, even if temporary, or delay in delivery to our customers could adversely affect our business, financial condition and results of operations.

We rely on a direct sales strategy to drive growth, and any failure to manage this channel effectively could adversely and materially impact our business and results of operations.

Our sales network primarily relies on direct sales channels. The effectiveness of this direct sales model depends on our ability to maintain strong relationships with key customers, continuously expand our customer base and ensure consistent execution across our sales organization. We may face challenges in managing and scaling our direct sales operations, including recruiting, training and retaining qualified sales personnel, maintaining service quality across regions and responding effectively to evolving customer needs and market dynamics. Any failure to effectively manage and coordinate our direct sales activities could reduce sales efficiency and weaken customer engagement. If we are unable to sustain the effectiveness of our direct sales channels or adapt our sales strategies in a timely manner, our sales performance, financial condition and long-term growth prospects may be adversely affected.

Increasing focus on environmental, social and governance ("ESG") matters by regulators, customers and other stakeholders may increase our compliance risk and costs.

The applicable government and public advocacy groups have been increasingly focused on environment, social and governance ("**ESG**") issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environmental protection and other ESG-related matters. Increased focus from [**REDACTED**] on ESG and similar matters may negatively affect access to capital, as [**REDACTED**] may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from [**REDACTED**] and the PRC government, or if we are perceived by [**REDACTED**] to have not responded appropriately to the growing concern for ESG issues regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and our business, operation and financial condition could be materially and adversely affected.

We face risks in connection with Third-Party Payment Arrangements by our customers.

During the Track Record Period, a small number of customers settled transactions with us through the accounts of third parties (the "**Third-Party Payment Arrangements**"). In 2023, 2024, 2025 and the three months ended March 31, 2026, the aggregate amount they settled under the Third-Party Payment Arrangements were less than 0.5% of our total revenue in each period, respectively. See "Business — Our Customers — Third-Party Payment." We were subject to various risks relating to such Third-Party Payment Arrangements, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money laundering risks as we have limited knowledge about the source of the funds utilized by the third-party payors and their identities. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal or regulatory actions) instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims, legal proceedings or regulatory actions, and we may be forced to comply with the court ruling or order and return the payment for the products that we sold and services that we provided.

Any negative publicity, whether warranted or not, could adversely affect our business.

Since we operate in a highly competitive market, reputation maintenance directly affects our ability to maintain our market position. Any loss of trust in our products could

harm the value of our reputation, which could reduce our revenue and profitability. The successful maintenance of our reputation depends on our ability to provide high-quality and competitive products, customers' satisfaction with our products and after-sale services, our ability to maintain and strengthen business relationship with our customers and the increase in brand awareness through marketing activities. In addition, any negative publicity about us, our Directors, employees, brand, products, whether warranted or not, may adversely affect our reputation and business. If our reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering new markets, which may adversely affect our business, financial condition, results of operations and prospects.

We may be exposed to risks relating to fluctuations of raw material costs.

We may be subject to fluctuations in the prices of raw materials due to factors beyond our control, such as fluctuations in foreign currency exchange rates, changes in the geopolitical environment and economic conditions, natural disasters or changes in the supply and demand for raw materials, transportation and other necessary supplies or services. We cannot assure you that the price of our raw materials will not increase significantly in the future. If that occurs, we may not be able to offset price increases by raising the prices of our products, in which case our profit margin will decrease. On the other hand, if the prices of our products increase significantly, we may lose our competitive advantage in the market. This in turn could result in loss of sales and customers. In either case, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain or maintain adequate intellectual property rights protection for our products, or the scope of such intellectual property rights protection may not be sufficiently broad.

Our ability to maintain a competitive edge in the automated manufacturing equipment industry depends significantly on our intellectual property portfolio, including patents, trademarks, copyrights, proprietary technologies, know-how, domain names and other intellectual property rights. Our intellectual property may be challenged, invalidated, circumvented or misappropriated by others. We cannot assure you that our patent applications will be granted, or that any registered rights will offer adequate protection or remain enforceable in all jurisdictions. We may encounter infringement or misappropriation of our intellectual property by third parties, including competitors copying our designs, technologies, or software without authorization. Brand imitation and counterfeiting may also damage our reputation, particularly as our products gain recognition in the market. Enforcement actions can be time-consuming, costly and uncertain in outcome. In some cases, our legal actions may not result in a favorable judgment, and we could even risk losing rights if our patents or trademarks are challenged and found to be invalid or unenforceable. We cannot assure you that the agreements between third parties and us will not be breached, that we will have adequate remedies for any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. If we are unable to adequately protect our intellectual property rights, our brand, competitive position, business operations and financial condition could be materially and adversely affected.

We may be subject to intellectual property infringement claims or other intellectual property disputes, which could be costly, time-consuming, and may disrupt our business.

Our competitors, many of whom have large patent portfolios, may claim that our products or manufacturing processes infringe upon their intellectual property rights. Defending against such claims, regardless of their merit, can be expensive, time-consuming, and divert management's attention from our core business operations. If we are unsuccessful in defending against these claims, we could be required to pay substantial damages, enter into royalty or licensing agreements on unfavorable terms, or cease the sale of and redesign the infringing products. Similarly, we may find it necessary to initiate litigation to enforce our own patent rights or protect our trade secrets from infringement or misappropriation by third parties. Such enforcement actions are inherently uncertain and can be costly. Furthermore, any claims we assert against a perceived infringer could provoke them to file counterclaims

against us, alleging that we infringe their intellectual property rights or that our own patents are invalid or unenforceable. An adverse outcome in any intellectual property litigation could result in our patents being invalidated, held unenforceable, or interpreted narrowly, thereby diminishing the scope of our proprietary protection. Any of these outcomes could have a material adverse effect on our business, financial condition, and results of operations.

We may not be able to protect our trade secrets.

We rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. However, we cannot guarantee you that an employee or a third party will not intentionally or inadvertently make an unauthorized use or disclose our proprietary confidential information. If a competitor gains access to and makes use of such information, our competitive position will be compromised. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Furthermore, enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our continued success depends and will continue to depend on our efforts and abilities to retain the key members of our management team. The loss of services of any of these individuals, or the ineffective management of any leadership transitions, could significantly delay or prevent the achievement of our development and strategic objectives. In addition, our success depends on our ability to attract and retain a large number of other qualified employees, especially senior R&D personnel and skilled engineers. To compete for talent, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract, assimilate, develop or retain the qualified personnel necessary to support our future growth. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our business, financial condition, results of operations and future growth.

We recorded a net loss in 2024, and there is uncertainty regarding our ability to achieve or maintain profitability in the future.

Our results of operations have fluctuated during the Track Record Period. We recorded a net profit of RMB106.0 million in 2023, a net loss of RMB239.0 million in 2024, a net profit of RMB73.1 million in 2025, and a net profit of RMB42.8 million in the three months ended March 31, 2026, respectively. The net loss recorded in 2024 was primarily due to the gross loss recorded by our intelligent energy and environmental projects business line in 2024, as customers in the photovoltaic and lithium battery industries experienced operating challenges which prolonged project acceptance cycles and adversely impacted project settlement processes. For details, see "Financial Information — Results of Operation."

We may incur net losses in future periods as we continue to invest in R&D and expand our business operations in a competitive market. Our costs and expenses may increase as we grow our business and operations. In addition, we expect to incur additional costs and expenses as a result of being a public company. If we are unable to effectively manage our expenses, maintain our gross profit margin or achieve sufficient revenue growth, we may face challenges in achieving or maintaining profitability, and there can be no assurance that we will not incur net losses again in the future.

We are subject to credit risk arising from delays in payment or defaults by our customers.

As of December 31, 2023, 2024, 2025 and March 31, 2026, our trade and bills receivables amounted to RMB2,346.2 million, RMB1,439.8 million, RMB1,190.0 million, and RMB1,208.5 million, respectively. As of the same dates, our contract assets amounted to

RMB597.5 million, RMB672.6 million, RMB616.1 million and RMB455.7 million, respectively. In 2023, 2024, 2025 and the three months ended March 31, 2026, our average trade receivables turnover days were 180 days, 240 days, 192 days and 202 days, respectively. Contract assets primarily arise from transactions where revenue is recognized prior to the establishment of an unconditional right to receive consideration, typically due to requirements for final customer acceptance or completion of specified services. As a result, such contract assets are commonly associated with projects or transactions involving longer delivery, installation, commissioning or acceptance cycles, and are subject to credit and collection risks that are similar to, and in certain cases higher than, those associated with trade receivables. If we are unable to collect our trade receivables or contract assets in a timely manner, or at all, our cash flow, liquidity position, financial condition and results of operations may be materially and adversely affected.

Our historical results may not be indicative of our future performance, and we may continue to experience fluctuations in profitability.

Our historical results of operations may not be indicative of our future business performance, financial condition or results of operations. We incurred losses in 2024. In particular, our intelligent energy and environmental projects business line experienced a decline in revenue contribution from 59.0% in 2023 to 5.6% in the three months ended March 31, 2026, and recorded gross losses with negative gross margins in 2024. Our future results of operations may be adversely affected by factors such as intensified market competition, fluctuations in customer demand, rising costs, execution risks associated with new product development and commercialization, and uncertainties in macroeconomic and industry conditions. In addition, as we continue to pursue growth opportunities and implement our business strategies, we may incur additional operating expenses before generating corresponding revenue, which could further impact our short-term financial performance. Any failure to effectively manage our operations, control costs or successfully execute our growth strategies could materially and adversely affect our business, financial condition and results of operations.

Our Intelligent Energy and Environmental Projects business is subject to settlement and cost risks inherent in its project-based nature, which may materially and adversely affect our profitability.

A majority of revenue from our Intelligent Energy and Environmental Projects is recognized over time based on a project's estimated total revenue, which depends substantially on the final settlement amount agreed with the customer. See "Business — Our Products and Solutions — Intelligent Energy and Environmental Projects" for details. As the final settlement amount of a project is typically determined only after physical completion, an extended acceptance period and a prolonged settlement process, during which the certification of quantities, pricing and variation orders is subject to the customer's and, in certain cases, third parties' review and approval, the estimated total revenue is inherently uncertain and the settlement cycle may be further prolonged. Where the final settlement amount is lower than the estimated total revenue previously adopted, we are required to revise the estimated total revenue downward, resulting in a reduction in revenue previously recognized while the related project costs have already been incurred, which may give rise to a gross loss of a project. We recorded a gross loss for this business line in 2024, primarily as certain of our downstream customers in the lithium battery and photovoltaic industries, faced with industry overcapacity, intensified competition and financial constraints, imposed deductions during settlement and declined to certify certain variation orders and additional works.

In addition, for projects which have been completed but not yet finally settled, we may incur additional costs, such as rectification and after-sales costs, and our actual project costs may exceed our original estimates, which may further reduce our profitability. Where collection from customers is slower than expected, we may also be exposed to increased provision for expected credit loss on the related trade receivables, bill receivables and contract assets. We cannot assure you that we will accurately estimate the total revenue and costs of our Intelligent Energy and Environmental Projects, that our customers or relevant third parties

will not impose deductions during settlement, or that we will not record gross losses for this business line again in the future, any of which may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to liquidity risks as a result of a long cash conversion cycle.

We recorded a relatively long cash conversion cycle during the Track Record Period, which may cause delays in the conversion of our revenue into cash flows. Our cash conversion cycle, which is a metric used to measure how efficiently we manage our working capital by tracking the number of days it takes 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 may not improve in the future if, among other things, we are unable to maintain our current working capital management policies, our customers extend their payment cycles, or we increase the proportion of project-based business with longer cash conversion cycles.

We cannot assure you that our measures to manage our cash flows will be effective or that our cash conversion cycle can be maintained at its current level or further improved in the future. A long cash conversion cycle may increase our reliance on working capital and/or external financing to support our business and results of operations in the future. If we are unable to manage our working capital efficiently or to secure adequate financing on acceptable terms, our liquidity position may be negatively impacted, which could in turn materially and adversely affect our business, results of operations and financial condition.

We may be subject to inventory obsolescence, shortage or excess risks.

As of December 31, 2023, 2024, 2025 and March 31, 2026, we had inventories and other contract costs of RMB699.2 million, RMB630.1 million, RMB918.2 million and RMB935.8 million, respectively. Failure to adequately manage inventory risks may lead to inventory obsolescence, decline in inventory value or inventory write-offs. In 2023, 2024, 2025 and the three months ended March 31, 2026, our average inventory turnover days were 90 days, 98 days, 155 days and 230 days, respectively. Any fluctuation and extension of inventory turnover may adversely affect our cash flow and liquidity. In addition, our products may become outdated due to fast-changing trends and constant technological advancements, and any change in customer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales and business prospects. Any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

Failure to fulfill our contract liabilities could adversely affect our liquidity and financial condition.

Our contract liabilities were RMB490.1 million, RMB325.4 million, RMB556.3 million and RMB509.5 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors, including the market demand and the stability of supply and price of raw materials. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

We have granted and may continue to grant share-based compensation, which may adversely affect our business, financial condition and results of operations.

We recorded share-based payment compensation of RMB3.6 million, RMB5.3 million, RMB6.1 million and RMB6.5 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, in connection with employee share incentive grants. Our financial performance and ownership interests of our Shareholders may be affected by the share-based compensation as the expenses associated with share-based compensation will decrease our net profit and the establishment of a new share incentive plan may potentially dilute the ownership interests of our Shareholders. On the other hand, if we reduce the amount of shares or other share-based compensation awards, we may not be able to attract or retain key personnel by offering them incentives linked to the value of our Shares.

If we determine our goodwill and/or intangible assets to be impaired, it would adversely affect our financial condition.

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 March 31, 2026, respectively. Goodwill is tested for impairment annually or more frequently when there is an indication of potential impairment. We recorded intangible assets of RMB51.5 million, RMB31.9 million, RMB25.1 million and RMB23.6 million as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. Intangible assets with finite useful lives are tested for impairment whenever events or changes in circumstances indicate that the assets have suffered an impairment loss. We recorded RMB20.8 million, RMB14.7 million, RMB21.5 million and nil for impairment losses of goodwill as of December 31, 2023, 2024, 2025 and March 31, 2026, respectively. We also recorded RMB7.5 million for impairment of other intangible assets as of December 31, 2024. For details of the impairment assessment methods for our intangible assets and goodwill, see Note 4 to the Accountants' Report in Appendix I to this Document.

In evaluating the potential for impairment of goodwill and intangible assets, our management makes a number of assumptions. If any of the assumptions does not materialize, we may be required to write-off part or all of our goodwill and/or intangible assets and record an impairment loss. Any significant impairment of goodwill or intangible assets could substantially affect our reported earnings in the periods when recognized. In addition, impairment charges would negatively affect our financial ratios which may limit our ability to obtain external financings.

Failure to obtain or maintain any of the preferential tax treatments or government grants could adversely affect our business, financial condition and results of operations.

We cannot assure you that the policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or are entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. We and certain of our subsidiaries were approved as "High New Technology Enterprises" and, accordingly, enjoy a preferential income tax rate of 15% during the Track Record Period. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by PRC tax authorities, the termination of any of the various types of preferential tax treatment we enjoy could adversely affect our business, financial condition and results of operations. In addition, we recorded government grants under other income and gains of RMB30.8 million, RMB21.0 million, RMB33.9 million and RMB3.8 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Some of such government grants are non-recurring in nature. Any discontinuation, reduction or delay of any government grants would have an adverse impact on our business, financial condition and results of operations.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial condition and results of operations may be materially and adversely affected.

We are required to obtain and maintain the requisite licenses and approvals for our business in jurisdictions where we operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that

these licenses are sufficient to conduct all of our present or future businesses. Any failure to obtain or renew any approvals, licenses, permits or certificates necessary for our operations and construction of our facilities, such as construction work commencement permit, environmental protection inspection and fire safety approvals, may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities ceasing our operations, and may include corrective measures requiring capital expenditure or remedial actions. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to various penalties, such as the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, results of operations and financial condition.

Rising labor costs and labor shortages, including due to pandemics and other disasters, employee strikes, and other labor-related disruptions may materially adversely affect our business, financial condition, and results of operations.

We cannot guarantee that any material work stoppages or strikes will not arise. If our employees engage in a strike or other work stoppage, we may experience significant operational disruption and/or accept higher labor costs, resulting in an adverse effect on our business, financial condition and results of operations. We may, from time to time, be involved in labor disputes, experience labor shortages, face difficulties with localized management of employees, and may make adjustments including for example, retrenchment plans to our labor force in line with our business needs. These challenges may lead to difficulties with implementing adjustments, including for example, issues not resolved within a reasonable period after negotiations between parties. In addition, we may incur compensation and other costs that, if not sufficiently covered by insurance, we would need to bear at our own expense. Any deterioration in our labor relations with employees could cause labor disputes, which could result in the disruption of production and operations. There is no guarantee that we will always be able to maintain a stable and quality labor force at favorable costs. We may face liability claims, negative publicity and interventions related to a workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputations. Any deterioration in our labor relations could result in the disruption of production and operations, and may subject us to legal proceedings, as well as monetary and reputational damages. In addition, labor costs in regions where we operate have been increasing in recent years and may potentially continue increasing. As such, we may have to increase our total compensation to attract and retain the experienced professionals required to achieve our business objectives. In such circumstances, our profit margin may decrease, which could have an adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.

We cannot assure you that our insurance will be adequate to cover the abovementioned risks. If we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Even if the amounts and claims are within the limits and scope of our insurance coverage, the insurance provider may not be able to make the compensation payment to us in a timely manner.

We have sales in a number of countries and regions, which are subject to legal, regulatory, operational and other risks inherent in internal and cross-border operations.

Having sales in multiple jurisdictions around the globe and expanding into new markets may subject ourselves to the following risks: (i) challenges in commercializing products and manage sales channels in new international markets, (ii) financial complexities, including diverse accounting treatments, tax uncertainties, and foreign exchange exposure, (iii) legal hurdles, such as litigation risks and difficulties in enforcing contractual rights or judgments overseas, (iv) disruptions to logistics and international transportation, (v) macroeconomic and geopolitical instability, including civil unrest and regulatory changes, and (vi) market-driven risks, such as intense competition, pricing pressure, and other inherent risks of global operations.

We face risks of channel stuffing and cannibalization within our distribution network, which could materially and adversely affect our brand positioning, pricing system, and financial performance.

We have a diversified omni-channel sales network in both domestic and overseas markets, consisting of both direct sales and distribution sales channels. This model exposes us to structural risks within the distribution network. Two principal risks are channel stuffing and cannibalization.

Channel stuffing refers to distributors and other sales partners purchasing and holding excessive amounts of inventory, often during promotional periods or new product launches, that exceed realistic sell-through capacity. Such practices distort demand forecasts, inflate short-term sales figures, and may force distributors to liquidate stock at discounted prices or through unauthorized channels. This can disrupt our pricing discipline, create inconsistent market signals, and strain relationships with distributors who are unable to manage excess inventory. In the longer term, channel stuffing can erode consumer confidence if products approach expiration or are sold through uncontrolled channels, which may in turn damage our brand reputation and reduce profitability.

Cannibalization occurs when distributors and other sales partners compete against one another by selling into unauthorized regions, undercutting prices, or overlapping in customer coverage. Distributors may still engage in cross-regional sales or price competition. Such practices undermine our ability to maintain a consistent brand image and orderly sales structure, weaken the loyalty of compliant distributors, and dilute the effectiveness of our marketing investments. Over time, intensified cannibalization within the distribution network may reduce our control over pricing, compromise our premium positioning, and negatively affect both revenue and margins.

If we are unable to effectively monitor and manage these risks of channel stuffing and cannibalization within our distribution network, our sales performance, brand value, and financial results could be materially and adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

We may need to raise additional capital in the future to further expand our business and sustain our growth. If additional funds cannot be obtained when needed and on favorable terms, our business, financial condition and results of operations may be adversely affected. Fundraising through the issuance of debt securities or through loan arrangements may contain terms that require significant interest payments, covenants that restrict our business, or other terms unfavorable to us. In addition, to the extent we raise funds through the sale of additional equity securities, our shares will experience additional dilution. Furthermore, we may not always be successful in installing, running or implementing new software or advanced information technology systems as required by our business development. All of the above may have an adverse impact on our business, financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

We are subject to various labor-related laws and regulations in the jurisdictions where we operate. For example, PRC laws and regulations require us to participate in various government sponsored employee benefit plans. These benefit plans include social insurance, housing provident funds and other welfare-oriented payment obligations. According to applicable PRC laws and regulations, employers must open social insurance registration accounts and housing provident fund accounts and pay social insurance premiums and housing provident fund contributions for employees. In addition the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, such agreement or undertaking shall be deemed as invalid. See "Regulatory Overview" for details. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain of our employees, as required by relevant laws and regulations. We may be required to pay any shortfall in social

insurance contributions within a prescribed time period plus a late payment fee and to pay penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. However, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall or impose late payment penalties and fines, thereby adversely affecting our financial condition and results of operations.

We face risks relating to title defects in respect of one of our properties.

As of March 31, 2026, one of our properties had not yet obtained the relevant real estate ownership certificate, with a GFA of approximately 656 sq. m. This property is located at No. 2 Chuangxin Road, Datanglang, Dalingshan Town, Dongguan City, Guangdong Province, and is used as an investment property. As of March 31, 2026, the property had been leased to third-party tenants and was not used in our own production or business operations. See "Business — Properties — Buildings or Units." The land use rights of the relevant site are held under valid land use right certificates. The relevant real estate ownership certificate has not been obtained primarily due to the absence of certain construction-related approval procedures. As advised by our PRC Legal Advisor, under applicable PRC laws and regulations, the relevant authorities may order rectification within a prescribed time limit and, where rectification is not possible, may order demolition of the relevant property, or confiscation of the property or any illegal income derived therefrom, and impose a fine of up to 10% of the construction cost of the relevant property. There can be no assurance that we will be able to obtain the relevant real estate ownership certificate in a timely manner or at all. If we fail to obtain such certificate, our ownership rights and ability to continue leasing, transferring or otherwise disposing of the property may be adversely affected, and we may be subject to penalties, rectification orders or other administrative measures imposed by relevant authorities, which could adversely affect our financial condition and results of operations.

Failure to successfully execute acquisitions, form joint ventures or make other strategic investments may adversely affect our business, financial condition and results of operations.

We may, from time to time, pursue acquisitions or other strategic transactions to expand our business, enhance our technological capabilities, access new markets or achieve other strategic objectives. Such activities involve substantial risks and uncertainties across multiple stages of execution.

At the outset, we may encounter difficulties in identifying suitable targets, conducting adequate due diligence or accurately assessing the value of acquisition targets, which may result in overpayment or exposure to unknown or contingent liabilities of acquired companies, including legal claims, regulatory issues or undisclosed contractual obligations. The valuation of any potential target may depend on assumptions regarding, among others, its brand recognition, historical and projected financial performance, market potential and expected synergies with our existing business, which may prove to be inaccurate. If we overestimate the value of a target or fail to identify key risks during due diligence, we may overpay for the acquisition or investment, which could negatively impact our financial performance and prospects. Even where an acquisition is completed on acceptable terms, we may face significant challenges in integrating acquired businesses, brands, operations, technologies or personnel into our existing structure. Such integration challenges may include business operation mismatches, incompatible systems or cultural differences, any of which could disrupt our business operations and divert attention of our management.

Furthermore, we cannot assure you that we will be able to realize the anticipated benefits, synergies, cost savings or operational efficiencies from any acquisition. Failure to do so may result in increased costs, asset write-offs, restructuring expenses or dilution of Shareholders' interests. Consequently, if we fail to successfully execute or integrate any acquisition, our business, financial condition and results of operations may be adversely affected.

Our legal right to use certain leased properties could be challenged or restricted.

Lessors had not provided title certificates of certain properties we leased as of the Latest Practicable Date. According to the relevant PRC laws and regulations and as advised by our PRC Legal Advisor, our rights as occupant of these properties may be adversely affected due to the absence of the relevant building ownership certificates. We cannot assure you that the landlord of these properties have the right to lease the relevant property to us. As advised

by our PRC Legal Advisor, we may not be able to continue to use such property if the ownership of the property we have leased and/or the validity of such lease is challenged by third parties. In such a scenario we will have to relocate to other premises, which could result in additional costs. Should disputes arise due to title encumbrances to such properties or government action, we may encounter difficulties in continuing to lease such properties and may be required to relocate in the future.

We may be subject to fines for failure to register our leases.

As of the Latest Practicable Date, we had not obtained proper lease registration for the properties we leased, primarily due to the difficulty of procuring our lessor's cooperation to register the lease. As advised by our PRC Legal Advisor, the non-registration of the property lease will not affect the validity of the lease contract and relevant legal rights under the contract, but relevant local housing authorities may require us to complete the registration within the prescribed period and we may be subject to penalties of RMB1,000 to RMB10,000 for each non-registered lease.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business. We cannot assure you that we will not be involved in various legal and other disputes in the future, which may expose us to additional risks and losses. In addition, we may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, results of operations and financial condition.

Our business growth and results of operations may be adversely affected by changes in natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, public health hazards, such as the outbreaks of widespread epidemics, public security hazards or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. We cannot assure you that any backup systems will be adequate to protect us from the effects of natural disasters, public health and public security hazards or other events. Any of the foregoing events may give rise to interruption, breakdowns, system failures or internet failures, which may result in the loss or corruption of data, malfunctions of software and hardware, and adversely affect our ability to manufacture our products. As a result, our business, financial condition and results of operations may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in the jurisdictions where we operate could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition and results of operations may be influenced by the economic, regulatory, political and social conditions in the country where we operate. Governments have implemented, and may continue to introduce, among others, various policies and measures to encourage economic growth and guide the allocation of resources. The automated manufacturing equipment industry in general is affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, customer demand and discretionary spending. Any changes in these factors may have a material and adverse effect on our business, financial condition and results of operations.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention. It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, our Company and certain of our Directors and senior management have received regulatory letters (监管函) or warning letters (警示函) from relevant PRC regulatory authorities in relation to certain compliance and internal control matters. The relevant matters were primarily attributable to inadvertent oversight, have been rectified and concluded, and did not involve fraud or personal dishonesty. As advised by our PRC Legal Advisor, such regulatory letters and warning letters do not constitute administrative penalties under applicable PRC laws and regulations and are not regarded as material non-compliance. For details, please refer to "History, Development and Corporate Structure — Our A Share Listing and Reasons for the H Share [**REDACTED**]" and "Directors and Senior Management — Further Information about Our Directors and Senior Management" in this document. Nevertheless, there can be no assurance that we will not be subject to further regulatory scrutiny or compliance-related risks in the future, which may adversely affect our business, financial condition and results of operations.

We are subject to the currency exchange regulatory system.

The conversion of RMB is subject to applicable laws and regulations in Chinese Mainland. Under the current Chinese Mainland foreign exchange control system, subject to compliance with certain procedural requirements, foreign exchange transactions under the

current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within Chinese Mainland that have the licenses to carry out foreign exchange business. Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE subject to compliance with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, operating results and financial condition, may be affected.

Fluctuations in exchange rates could result in losses.

Fluctuations in exchange rates are unpredictable and may be affected by a number of factors, such as economic and political developments. It is difficult to predict how market forces may impact the exchange rates between Renminbi and foreign currencies in the future. Revaluation of Renminbi may have an adverse effect on your [**REDACTED**]. Fluctuations in exchange rates may also have an adverse effect on your [**REDACTED**] in our Shares. Furthermore, during the Track Record Period, we invested in certain structured financial products, the returns on which were linked to movements in foreign exchange rates. Therefore, such investment is exposed to currency exchange rate volatility. We may continue to enter into similar arrangements in the future, and any significant adverse movements in foreign exchange rates could result in substantial investment losses, which may in turn materially and adversely affect our financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知(國稅函[2011]348號)) dated June 28, 2011 and issued by the State Tax Administration (the "**SAT**"), the tax rate applicable to dividends paid to Non-Chinese Resident Individual Holders of H Shares varies from 5% to 20% (usually 10%), depending on whether there is any applicable tax treaty between Chinese Mainland and the jurisdiction in which the Non-Chinese Resident Individual Holder of H Shares resides, as well as the tax arrangement between Chinese Mainland and Hong Kong. Non-Chinese Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. If such tax is collected in the future, the value of such individual holders' [**REDACTED**] in our H Shares may be materially and adversely affected.

For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on

Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between Chinese Mainland and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [**REDACTED**] in our H Shares may be materially affected.

Any decrease or discontinuation of tax rebate for our exported products may have a negative effect on our profitability.

According to the Announcement on Value-Added Tax and Consumption Tax Policies for Export Businesses (《關於出口業務增值稅和消費稅政策的公告》) issued by the MOF and the SAT, which became effective on January 1, 2026, and other relevant PRC tax laws and regulations, unless otherwise provided by law, export goods and services are subject to the exemption and refund of value-added tax ("**VAT**") policies. Subject to the relevant PRC laws, we are entitled to a rebate of VAT from the PRC tax authority in connection with our export sales for our products. The tax rebate comprised a refund of VAT incurred on the raw materials we used for production of our products in the PRC, which are subsequently exported to overseas countries. We cannot assure you that the PRC governmental policies on tax rebate will not change or that the current policies we enjoy will not be canceled. If there is any reduction, suspension, discontinuation or cancelation of tax rebate which may adversely affect the recoverability of our VAT recoverable, our business, financial condition and profitability would be adversely affected.

We are subject to complex and evolving laws and regulations regarding data security and personal information protection. Actual or alleged failure to comply with data security and personal information protection laws and regulations could damage our reputation, deter current and potential users from using our offerings and subject us to significant legal, financial and operational consequences.

In recent years, government authorities across the world have been increasingly focusing on data security and personal information protection. In particular, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding data security and personal information protection in Chinese Mainland. In addition, as we expand our global operations, our customers may leverage our product offerings outside Chinese Mainland and are thus required to comply with laws and regulations regarding data security and personal information protection in such jurisdictions. As a result, we may be required to upgrade or alter our offerings to fully comply with such laws and regulations.

The laws and regulations regarding data security and personal information protection in Chinese Mainland, as well as in other jurisdictions, are generally complex and evolving, with uncertainty as to the interpretation and application thereof. As such, we cannot assure you that our data security and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations. If we are unable to comply with the then-applicable laws and regulations or to address any data security and personal information protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers and users and could subject us to significant legal, financial and operational consequences.

On June 10, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Data Security Law (中華人民共和國數據安全法), which became effective on September 1, 2021. The PRC Data Security Law provides for data security obligations on entities and individuals carrying out data processing activities, introduces a

data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security and imposes export restrictions on certain data and information. Furthermore, certain PRC regulatory authorities issued Opinion on Severely Punishing Illegal Activities in Securities Market (the "**July 6 Opinion**") (關於依法從嚴打擊證券違法活動的意見), which were available to the public on July 6, 2021 and further emphasized strengthening cross-border regulatory collaboration and improving relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and archive management relating to the offering and listing of securities abroad, to implement the responsibility on information security of companies listed in foreign countries, and to strengthen the standardized management of cross-border information provision mechanisms and procedures.

On August 20, 2021, the Standing Committee of the National People's Congress of China promulgated the PRC Personal Information Protection Law (the "**PIPL**"), which came into effect in November 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. As uncertainties remain regarding the interpretation and implementation of the PIPL, we cannot assure you that we will comply with the PIPL in all respects and regulatory authorities may order us to rectify or terminate our current business. We may also become subject to fines and/or other penalties which may have material adverse effect on our business, results of operations and financial condition.

On September 24, 2024, the CAC released the Network Data Security Management Regulations (the "**Data Security Regulations**") (網絡數據安全管理條例). The Data Security Regulations stipulates that a data processor contemplating to list its securities on a stock exchange in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review pursuant to relevant rules and regulations. However, the Data Security Regulations does not provide the standard to determine under which specific circumstances such listings would "affect or may affect national security." However, we may not always be able to do so in a timely manner due to a lack of detailed implementation guides. Such uncertainties may incur high compliance costs for us and have an adverse impact on our business operations and financial results.

On December 28, 2021, the CAC and 12 other relevant PRC government authorities published the amended Cybersecurity Review Measures (網絡安全審查辦法), which became effective on February 15, 2022 and superseded and replaced the Cybersecurity Review Measures previously promulgated on April 13, 2020. According to Articles 5 and 7 of the Cybersecurity Review Measures, enterprises shall apply for cybersecurity review under the following circumstances: (1) critical information infrastructure operators ("**CIIO**") purchasing network products in a manner which affects or may affect national security; and (2) internet platform operators holding personal information of more than one million users and seeking a foreign listing. According to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a CIIO, nor had we been involved in any investigations on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning, or sanctions in this respect. However, we cannot assure you that we will not be required to follow the cybersecurity review procedures, and if required so, whether we would be able to complete the applicable cybersecurity review procedures in a timely manner. In addition, any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance or perceived non-compliance with the PRC Cybersecurity Law or related regulations may prevent us from using or providing certain products and services, and may result in fines or other penalties such as making certain required rectification, suspending our

related business, closing our website or taking down our operations and proceedings or actions against us by PRC regulatory authorities, customers or others, which may have a material adverse effect on our business, reputation, results of operations and financial condition.

As of the Latest Practicable Date, we had not been subject to any investigation, inspection, action or penalty from the PRC authorities or any other relevant regulatory authorities in relation to our compliance with cybersecurity and data protection laws and regulations. However, given the evolving regulatory environment in these areas, we are subject to substantial legal and economic uncertainties for our future business operations. The legal and regulatory developments could affect the way we design and deliver our offerings, our business operations, and how we and our business partners deal with data protection. We may incur substantial costs to comply with these laws and regulations, to address the needs of our customers and users relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies. If we fail to effectively and timely comply with these laws and regulations and respond to relevant changes, our business operations, results of operations, financial condition and prospects will be materially and adversely affected.

Moreover, different regulatory bodies in Chinese Mainland, including among others, the MIIT, the CAC and the Ministry of Public Security have enforced laws and regulations regarding cybersecurity, information security, data security and personal information protection with various standards and applications. We may from time to time be required to rectify or further improve our measures regarding cybersecurity, information security, data security and personal information protection. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, information security, data security and personal information protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation, discourage our current and potential customers and subject us to fines and damages, which could have a material adverse effect on our business and results of operations. To the extent we expand our business to any overseas market, we may become subject to additional or new laws and regulations regarding cybersecurity, information security, data security and personal information protection in foreign jurisdictions, which may result in additional expenses to us and subject us to potential liability and negative publicity. We expect that these areas will receive greater attention and focus from regulators and attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges regarding cybersecurity, information security, data security and personal information protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

You may have limited resources in effecting service of legal process and enforcing judgments against us, our Directors and senior management.

We are a company incorporated under the laws of the Chinese Mainland and a majority of our assets and subsidiaries are located in Chinese Mainland. A majority of our Directors and senior management reside within Chinese Mainland. The assets of these Directors and senior management also may be located within Chinese Mainland. It may not be possible for [**REDACTED**] to effect service of process upon us or those persons inside the Chinese Mainland or to enforce against us or them in Chinese Mainland any judgments obtained from non-PRC courts.

Chinese Mainland does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or other countries. On January 18, 2019, the Supreme People's Court and the Hong Kong Special Administrative Region Government signed the Arrangement on Reciprocal Recognition and

Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement was issued on January 25, 2024 and came into effect on January 29, 2024, seeking to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and mainland China. Under the New Arrangement, any party concerned may apply to the relevant Chinese Mainland or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the New Arrangement. However, we cannot assure you that all final judgments will fully fall into the scope of New Arrangement and thus be recognized and effectively enforced by the relevant Chinese Mainland and Hong Kong court.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC Generally Accepted Accounting Principles ("**GAAP**") less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATED TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of Chinese mainland and Hong Kong.

As our A Shares are listed on the Shenzhen Stock Exchange and our H Shares will be [**REDACTED**] on the Hong Kong Stock Exchange, we will be required to comply with the applicable [**REDACTED**] rules and other regulatory regimes of both jurisdictions unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources to ensure our compliance with the [**REDACTED**] rules of both jurisdictions. Under current laws and regulations in Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. There is no [**REDACTED**] or settlement between the H Share and A Share markets. With different [**REDACTED**] characteristics, the H Share and A Share markets have divergent [**REDACTED**] volumes, liquidity and [**REDACTED**] bases, as well as different levels of retail and institutional [**REDACTED**] participation. As a result, the [**REDACTED**] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. Therefore, you should not place undue reliance on the trading history of our A Shares when making your [**REDACTED**] decision in our H Shares.

The price and [REDACTED] volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world.

The [**REDACTED**] price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly

in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the price of and [**REDACTED**] volumes for our H Shares. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall [**REDACTED**] sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse impact on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**], or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Certain numbers of the Shares controlled by our Single Largest Shareholder are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Hong Kong Stock Exchange. We cannot assure you that our Single Largest Shareholder will not dispose of any Shares he may own now or in the future after the expiry of the lock-up periods. Market sale of Shares by the Single Largest Shareholder and the availability of these Shares for future sale may have a negative impact on the [**REDACTED**] of our Shares. In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreement to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares [**REDACTED**] by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could have a material and adverse effect on the [**REDACTED**] of our H Shares and could cause substantial volatility in the [**REDACTED**] volume of our H Shares.

The interests of our Single Largest Shareholder may not be aligned with the interests of other Shareholders.

Immediately upon the completion of the [**REDACTED**], (excluding the 2,342,668 A Shares held by our Company as Treasury Shares assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), our Single Largest Shareholder will control a substantial portion of the voting rights at our general meetings. Our Single Largest Shareholder will, through his voting power at Shareholders' meetings and its delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Single Largest Shareholder may not act in the best interests of our minority Shareholders. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will pay dividends in the future.

We have declared dividends in the past. We protect our Shareholders' interest by ensuring a consistent dividend policy. There is no assurance that we will be able to declare or distribute dividends of any amount in any year in the future. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, after taking into account various factors, including but not limited to our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [**REDACTED**]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective [**REDACTED**] in our H Shares should be reminded that, in making their [**REDACTED**] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media regarding us, our Shares and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecasts and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecasts and other statistics in this document are derived from various official government resources. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**] the [**REDACTED**], the [**REDACTED**], and the [**REDACTED**] or any of their respective affiliates or advisers. Further, we cannot assure our [**REDACTED**] that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Since our principal business and operations are substantially located, managed and conducted in the PRC, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for our Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Wu and Ms. Wong Mei Fung Carrie (黃美鳳) ("**Ms. Wong**"). Mr. Wu confirms that he possesses valid travel documents and can readily travel to Hong Kong and Ms. Wong is ordinarily resident in Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess, or can apply for or renew valid travel documents to visit Hong Kong, and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including office phone number, mobile phone number, email address and address, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed Red Solar Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock Exchange for the period commencing on the date of the [**REDACTED**] of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives, the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in its authorized representatives and/or its compliance advisor.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 9 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver will be revoked if there are material breaches of the Listing Rules by our Company.

We have appointed Mr. Sun Yushen (孫鈺珅) ("**Mr. Sun**") as one of our joint company secretaries. Mr. Sun joined our Group in January 2024 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In his capacity as representative for securities affairs and senior securities officer of our Company, Mr. Sun has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our

Company. By virtue of his position and familiarity with our Group, Mr. Sun has worked closely with our Directors and thus possessed a thorough understanding of matters concerning the Board and its operations. Having considered Mr. Sun expertise and backgrounds, our Directors consider that Mr. Sun is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Mr. Sun currently does not possess the requisite qualifications strictly required by Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on her own, our Company has appointed Ms. Wong, who possesses such qualifications, to be a joint company secretary to assist Mr. Sun in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Sun to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Sun's appointment as a joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Sun must be assisted by Ms. Wong, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Wong ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. Sun will gain experience with the assistance of Ms. Wong. Before the end of the initial three-year period, we will evaluate the then experience of Mr. Sun in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Sun, having had the benefit of Ms. Wong's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain connected transactions which would constitute partially-exempt or non-exempt continuing connected transactions of our Company under Chapter 14A of the Listing Rules following the completion of the [**REDACTED**] . We have applied for, and the Stock Exchange [has granted] us, waivers from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to such partially-exempt and non-exempt continuing connected transactions. Details of such partially-exempt and non-exempt continuing connected transactions and the waivers are set out in the section headed "Continuing Connected Transactions" in this document.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Wu Fengli (吳豐禮) . . .	Room 215, Building D No. 98, Chang'an Road Datanglang Dalingshan Town, Dongguan Guangdong PRC	Chinese
Mr. Zhou Yongchong (周永沖)	Room 1709, Building 3 No. 3, Keyuan West 2nd Road Songshan Lake Park, Dongguan Guangdong PRC	Chinese
Mr. Zhang Peng (張朋) . . .	Room 9A, Building C03 St. Moritz Garden, Yulong Road Longhua District, Shenzhen Guangdong PRC	Chinese
Mr. Lan Haitao (蘭海濤) . .	Room 701, Unit 2, Building 48 Jinglin Court, Zhonghui Qinlin Shanzhuang No. 191, Yangwu Section Guanchang Road Dalingshan Town, Dongguan Guangdong PRC	Chinese
Dr. Wang Zhicheng (王志成)	Room 1401, Building 7 Songhu Xingfu Garden Songshan Lake Park, Dongguan Guangdong PRC	Chinese
Mr. Huang Jing (黃晶) . . .	Room 5-001, Majialong Tianxia Industrial Park No. 115, Yiyuan Road Nanshan District, Shenzhen Guangdong PRC	Chinese

Name	Residential address	Nationality
Independent Non-Executive Directors		
Ms. Yip Tak Yung Teresa (葉德容)	11/F Linfond Mansion 187 Hennessy Road Wanchai Hong Kong	Chinese (Hong Kong)
Mr. Yang Lianda (楊聯達) .	Room 2D, Block 5 Xingyiting, Weilan Xinghu Dongcheng District, Dongguan Guangdong PRC	Chinese
Dr. Wan Jiafu (萬加富) . . .	Room 105, No. 46, Yancheng Road Tianhe District, Guangzhou Guangdong PRC	Chinese

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]

Huatai Financial Holdings (Hong Kong) Limited
62/F, The Center
99 Queen's Road Central
Hong Kong

[REDACTED]

Legal Advisors to our Company

As to Hong Kong and U.S. laws:
Paul Hastings (Hong Kong) LLP
22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law:
Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei
Xicheng District
Beijing
PRC

	As to international sanctions laws: **King & Wood** 17-18/F, East Tower World Financial Centre 1 No. 1, Dongsanhuan Zhong Road Chaoyang District, Beijing PRC *As to PRC data and cybersecurity laws:* **China Commercial Law Firm** 21-26/F, China Travel Service Building 4011 Shennan Avenue Futian District, Shenzhen PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Wilson Sonsini Goodrich & Rosati** Suite 1509, 15/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC law* **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing 100005 PRC
Auditor and Reporting Accountants	**BDO Limited** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** No. 2504, Shanghai Wheelock Square 1717 Nanjing West Road Jingan District Shanghai PRC
Independent property valuer	**Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd.** 253 Yonghe Road Jingan District Shanghai PRC
	[**REDACTED**]

CORPORATE INFORMATION

Registered Office	No. 35, Lianhuan Road Dalingshan Town, Dongguan Guangdong PRC
Headquarters and Principal Place of Business in the PRC	No. 3, Keyuan West 2nd Road Songshan Lake High-tech Industrial Development Zone Dongguan Guangdong PRC
Place of Business in Hong Kong	46/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's Websites	**www.topstarltd.com** (with respect to Chinese version) **www.topstarmachine.com** (with respect to English version) *(The information on the websites does not form part of this document)*
Joint Company Secretaries	**Mr. Sun Yushen (孫鈺珅)** No. 3, Keyuan West 2nd Road Songshan Lake High-tech Industrial Development Zone Dongguan Guangdong PRC **Ms. Wong Mei Fung Carrie (黃美鳳)** 46/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. Wu Fengli (吳豐禮)** No. 3, Keyuan West 2nd Road Songshan Lake High-tech Industrial Development Zone Dongguan Guangdong PRC **Ms. Wong Mei Fung Carrie (黃美鳳)** 46/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Audit Committee	**Ms. Yip Tak Yung Teresa (葉德容)** *(Chairperson)* **Mr. Yang Lianda (楊聯達)** **Dr. Wan Jiafu (萬加富)**

Remuneration and Appraisal Committee	**Mr. Yang Lianda (楊聯達)** *(Chairperson)* **Dr. Wan Jiafu (萬加富)** **Dr. Wang Zhicheng (王志成)**
Nomination Committee	**Mr. Yang Lianda (楊聯達)** *(Chairperson)* **Ms. Yip Tak Yung Teresa (葉德容)** **Mr. Zhou Yongchong (周永沖)**
Strategy and ESG Committee	**Mr. Wu Fengli (吳豐禮)** *(Chairperson)* **Mr. Zhang Peng (張朋)** **Dr. Wan Jiafu (萬加富)**

[**REDACTED**]

Compliance Advisor	**Red Solar Capital Limited** Unit 402B, 4/F China Insurance Group Building No. 141 Des Voeux Road Central Central Hong Kong
Principal Banks	**Bank of China Limited** **Dongguan Dalingshan Branch** No. 111, 113, 115, 117 Jiaoyu Road Dalingshan Town, Dongguan Guangdong PRC **Industrial and Commercial Bank of China Limited** **Dongguan Dalingshan Branch** No. 58, Guangfa Road Dalingshan Town, Dongguan Guangdong PRC

OVERVIEW OF INDUSTRIAL ROBOTIC SOLUTIONS MARKET IN CHINESE MAINLAND

Automated manufacturing equipment refers to equipment integrated with software featuring data collection, data analysis, data feedback automated manufacturing equipment, execution and control functions. Compared with traditional equipment, features higher levels of digitization and automation via embedded software rather than relying on mechanics or manual intervention. Automated manufacturing equipment is widely used across various industries with high demands for manufacturing precision, efficiency, and production flexibility, such as new energy, automotive manufacturing, and consumer electronics. In 2025, the market size of automated manufacturing equipment market in Chinese Mainland has reached RMB1,197.7 billion. Specifically, industrial robotic solutions market, injection molding equipment market, CNC machining center market, and intelligent energy and environmental management system market accounted for 7.7%, 3.3%, 10.9%, and 2.2% of the market, respectively. Other categories primarily included core industrial control components, automated warehousing and logistics systems, and various types of custom automated assembly and inspection equipment. As the industrial manufacturing sector undergoes a transition toward full-line intelligent upgrades, industrial robots, injection molding equipment, and CNC machining centers — as highly versatile and integrated production units — are being deeply embedded into various complex automated production systems. Looking ahead, the market size is projected to expand to 2,427.3 billion, with a CAGR of 15.2% from 2025 to 2030. Categorized by different product types, automated manufacturing equipment primarily includes core automation devices such as industrial robots, injection molding machines, and CNC machining centers.

Among various types of automated manufacturing equipment, industrial robots serve as one of the representative automated manufacturing equipment products characterized by high technological integration and widespread application. An industrial robot is an automatically controlled, reprogrammable multipurpose manipulator, programmable in three or more axis, which can be either fixed in place or fixed to a mobile platform for use in automation applications in an industrial environment. Industrial robots possess a high degree of flexibility and programmability, enabling them to handle more complex, variable, and non-standardized production tasks. Industrial robotic solutions refer to automated production systems comprising industrial robot and automation systems, such as intelligent control systems and ancillary equipment. They are designed to minimize manual intervention and improve production efficiency and automation levels in specific industrial application scenarios. Industrial robotic solutions cover hardware, software and system integration services, and can be customized according to the process requirements of different industries.

Based on different motion coordinate systems and structural types, industrial robots can be classified into Cartesian robots, 4-axis robots (SCARA robots), 6-axis robots, and others.

- **Cartesian robot:** manipulator which has three prismatic joints, whose axes form a Cartesian coordinate system. Cartesian robots primarily consist of linear motion units, drive motors, control systems, and end effectors.
- **4-axis robot (SCARA robot):** manipulator which has two parallel rotary joints to provide compliance in a selected plane. 4-axis robot can move freely in the horizontal plane and move up and down in the vertical plane or rotate around its own axis.
- **6-axis robot:** manipulator which has six rotational joints (degrees of freedom), mimicking a human arm to offer maximum flexibility for complex tasks like welding, assembly, and palletizing.

Comparative Analysis of Industrial Robots by Structural Type

	Cartesian robot	4-axis robot	6-axis robot
Degrees of freedom	Medium	Relatively High	High
Precision	Extremely High	High	High
Compatibility	Suitable for tasks involving simple linear or vertical paths, as well as movement within a two-dimensional plane	Suitable for assembly line operations on a two-dimensional horizontal plane	Capable of handling complex curved surfaces and adapting to the flexible requirements of diverse working conditions

Source: Frost & Sullivan

Based on payload capacity, industrial robots can be typically classified into light-payload, medium-payload, and heavy-payload industrial robots. Light-payload industrial robots refer to those with a load capacity of less than 10 kilograms. Light-payload industrial robots typically feature lightweight design, high operating speed, and high repeat positioning accuracy. They are primarily used in industries including consumer electronics and plastics and chemical industries. Medium-payload industrial robots refer to those with a load capacity ranging from 10 kilograms to 100 kilograms. Medium-payload industrial robots are mainly used in industries including food, metal and machinery. Heavy-payload industrial robots refer to those with a load capacity exceeding 100 kilograms. They are predominantly used in industries with high load-bearing requirements, for instance, automotive vehicle manufacturing and lithium battery production.

Comparative Analysis of Industrial Robots by Payload

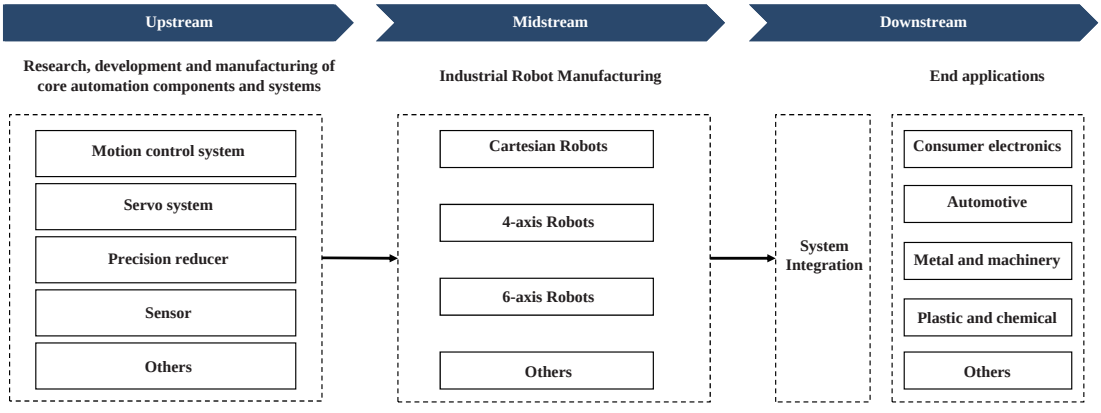
	Light-payload type	Medium-payload type	Heavy-payload type
Core Features	High precision, high degree of flexibility	Balanced load capacity and precision	High load capacity, large working range
Deployment Flexibility	High, with multiple deployment options	Medium, capable of deployment on the ground and in orbit	Low, difficult to move or relocate
Typical Application Scenarios	Consumer electronics, plastics and chemical	Metal and machinery, food	Automotive, lithium battery

Source: Frost & Sullivan

Value Chain Analysis of Industrial Robotic Solutions Market in Chinese Mainland

The upstream of the industrial robotic solution industry involves the research, development and manufacturing of core automation components and motion control systems, such as motion control systems, servo systems, precision reducers, and sensors. The midstream focuses on the production of industrial robots, which include various types such as Cartesian robots, 4-axis robots, 6-axis robots and others. Industrial robotic solutions are deployed across diverse industries, including consumer electronics, automotive, metal and machinery, plastic and chemical, and others.

Value Chain of Industrial Robotic Solutions Market



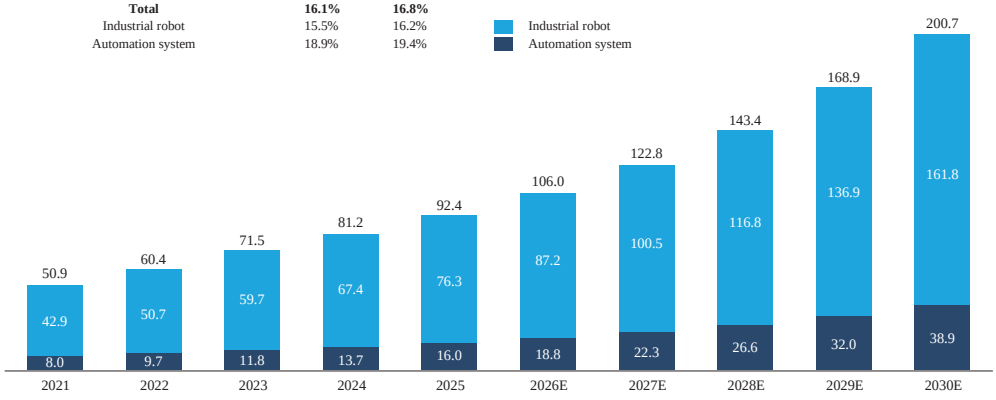
Source: Frost & Sullivan

Market Size of Industrial Robotic Solutions Market in Chinese Mainland

The market size of industrial robotic solutions market in Chinese Mainland has increased from RMB50.9 billion in 2021 to RMB92.4 billion in 2025, achieving a CAGR of 16.1% from 2021 to 2025. Looking ahead, the market size is projected to further expand to RMB200.7 billion by 2030, with a CAGR of 16.8% from 2025 to 2030.

Market Size of Industrial Robotic Solutions Market in Chinese Mainland, in terms of Revenue (RMB billion, 2021-2030E)

CAGR	2021-2025	2025-2030E
Total	**16.1%**	**16.8%**
Industrial robot	15.5%	16.2%
Automation system	18.9%	19.4%



Source: *Frost & Sullivan*

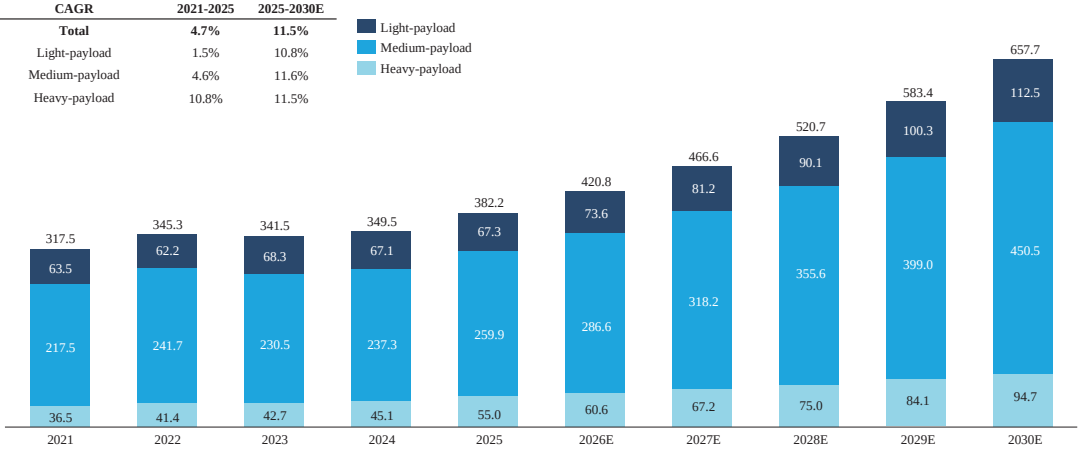
Note: The measurement scope for the market size of industrial robotic solutions in Chinese Mainland encompasses both the sales revenue of industrial robot products in Chinese Mainland and the revenue from system integration related to industrial robots. The industrial robot products include both general-purpose industrial robot products, such as 4-axis robots (SCARA robots), 6-axis robots, and parallel robots, as well as specialized industrial robot products for specific industry sectors, such as Cartesian robots.

The shipment volume of industrial robots in Chinese Mainland increased from 317.5 thousand in 2021 to 382.2 thousand in 2025, achieving a CAGR of 4.7% from 2021 to 2025. Looking ahead, the shipment volume of industrial robots in Chinese Mainland is projected to further grow to 657.7 thousand by 2030, with a CAGR of 11.5% from 2025 to 2030.

In 2025, the shipment volume for light-payload, medium-payload, and heavy-payload industrial robots in Chinese Mainland were 67.3 thousand, 259.9 thousand and 55.0 thousand, respectively. Their CAGRs from 2021 to 2025 were 1.5%, 4.6%, and 10.8% respectively. The projected shipment volume for 2030 are expected to reach 112.5 thousand, 450.5 thousand and 94.7 thousand, respectively, with CAGRs from 2025 to 2030 expected to be 10.8%, 11.6%, and 11.5%, respectively.

Shipment Volume of Industrial Robots in Chinese Mainland, Categorized by Payload (Thousand, 2021-2030E)

CAGR	2021-2025	2025-2030E
Total	**4.7%**	**11.5%**
Light-payload	1.5%	10.8%
Medium-payload	4.6%	11.6%
Heavy-payload	10.8%	11.5%



Source: *Frost & Sullivan*

Note: The measurement scope for the shipment volume of industrial robots in Chinese Mainland encompasses both general-purpose industrial robot products, such as 4-axis robots (SCARA robots), 6-axis robots, and parallel robots, as well as specialized industrial robot products for specific industry sectors, such as Cartesian robots.

Market Drivers of Industrial Robotic Solutions Market in Chinese Mainland

- **Rising labor costs:** The accelerating trend of population aging in Chinese Mainland has led to a decline in the working-age population. This demographic pressure compels enterprises to accelerate industrial upgrading. Industrial robotic solutions are able to execute repetitive, high-precision tasks uninterruptedly, boosting efficiency, shortening production cycles, and ensuring consistent quality. This directly addresses rising labor costs, recruitment issues, and manual errors, enabling high-quality mass production while optimizing labor structures.
- **Advancement and innovation of embodied AI technology:** The integration of embodied AI technology into industrial robotic solutions makes them more intelligent, flexible, and efficient, significantly broadening their range of applications and potential uses. This further drives the increasing demand for industrial robotic solutions from manufacturing enterprises. Embodied AI technology enables industrial robots to execute more than just pre-programmed tasks, allowing them to even understand and execute more complex instructions to a certain extent. Continued advancements in embodied AI technology will drive further expansion of the industrial robotic solutions market.

Development Trends of Industrial Robotic Solutions Market in Chinese Mainland

- **Vertical integration throughout the value chain:** Facing intensified competition and growing customer demands for customization, efficiency, and cost control, industrial robotic solution providers are pursuing vertical integration across the value chain. This involves actively expanding into upstream operations by internally conducting research, and production of core automation components. Concurrently, they are enhancing downstream system integration capabilities, offering in depth, differentiated customized services. This comprehensive vertical integration enables providers to deliver more cost-effective and technically advantageous industrial robotic solutions.
- **Global deployment:** Industrial robotic solution providers are establishing global production facilities, supply chains, and strengthening service, R&D, and delivery capabilities worldwide. By leveraging regional advantages, they aim to enhance operational efficiency and expand market share. Driven by a maturing domestic market and accumulated expertise, industrial robotic solution providers in Chinese Mainland are actively expanding overseas, leveraging their validated technologies and cost advantages to meet global client needs and gain international market experience to further upgrade their domestic offerings.

Competitive Landscape of Industrial Robotic Solutions Market in Chinese Mainland

The competitive landscape of industrial robotic solutions market in Chinese Mainland is intensely competitive and relatively fragmented. In terms of revenue of industrial robotic solutions in 2025, our Company ranked tenth among all players in Chinese Mainland, and ranked fourth among domestic providers in the industrial robotic solutions market in Chinese Mainland, with a market share of 0.7%.

Ranking of Top Ten Industrial Robotic Solution Providers in Chinese Mainland, in terms of Revenue in 2025

Ranking	Providers	Revenue	Market Share
		(RMB billion)	*(%)*
1	Company H	6.4	7.0%
2	Company I	5.2	5.7%
3	Company F	4.0	4.3%
4	Company J	3.6	3.8%
5	Company K	2.6	2.8%
6	Company A	2.4	2.6%
7	Company B	1.8	1.9%
8	Company D	0.9	1.0%
9	Company L	0.7	0.7%
10	**The Company**	**0.6**	**0.7%**

Source: Public fillings, websites of market players, expert interview, Frost & Sullivan

Notes:

(1) Company A is a public company founded in 1993 and listed on the Shenzhen Stock Exchange, headquartered in Nanjing China, committed to providing core automation components and industrial robots.

(2) Company B is a public company founded in 2003 and listed on the Shenzhen Stock Exchange, headquartered in Shenzhen, China, committed to providing frequency converter, servo system, industrial robot, industrial vision and other industrial automation products and solutions.

(3) Company H is a public company founded in 1972 and listed on the Tokyo Stock Exchange, headquartered in Japan. It focuses on the research, development and manufacture of CNC systems, industrial robots and other industrial automation equipment.

(4) Company D is a public company founded in 2007 and listed on the Shanghai Stock Exchange, headquartered in Anhui, China, committed to providing research and development, production and sales business of core components, industrial robots and system integration.

(5) Company I is a public company founded in 1898 and listed on the Frankfurt Stock Exchange, headquartered in Germany. It is a wholly-owned subsidiary of a technology group and is committed to developing and producing industrial robots and helping corporate customers to realize factory automation.

(6) Company F is a public company founded in 1988 and listed on the SIX Swiss Exchange, Stockholm Stock Exchange, New York Stock Exchange, London Stock Exchange and Frankfurt Stock Exchange, headquartered in Switzerland, committed to providing products and services related to electrification and automation.

(7) Company J is a public company founded in 1915 and listed on the Tokyo Stock Exchange, Osaka Stock Exchange and Fukuoka Stock Exchange, headquartered in Japan. It focuses on development and production of servo motors, inverters, industrial robots and other industrial automation equipment.

(8) Company K is a public company founded in 1878 and listed on the Tokyo Stock Exchange, headquartered in Japan. It focuseson the production of construction machinery, industrial equipment and marine hydraulic machinery.

(9) Company L is a public company founded in 1928 and listed on the Tokyo Stock Exchange, headquartered in Tokyo, Japan. It focuses on the research, development and manufacture of cutting tools, bearings, hydraulic equipment, industrial robots, machine tools, and special steels.

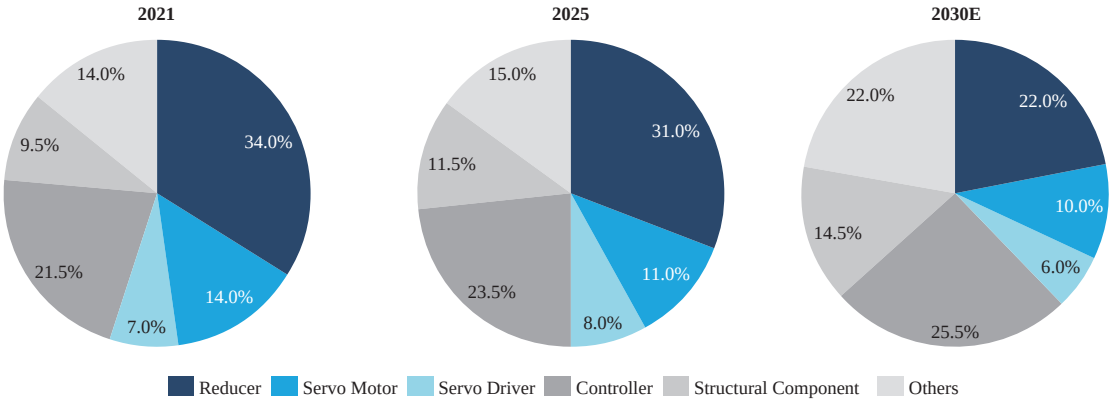
Key Success Factors and Entry Barriers of Industrial Robotic Solutions Market in Chinese Mainland

- **Technological innovation:** The industrial robotic solutions market is characterized by its highly technology-intensive nature and significant technical barriers. The development of industrial robotic solutions requires extensive experience and technological accumulations. Moreover, downstream customer demands that manufacturers possess extensive cross-sector experience and a deep understanding of customer-specific processing technologies to address diverse and highly specialized needs.
- **Customer resource:** Downstream manufacturing enterprises typically integrate robotic systems into their core production lines, imposing strict requirements on equipment stability, reliability, and after-sales service response times. Customers tend to favor suppliers with a wealth of application cases and a foundation of long-term cooperation. New entrants struggle to establish a comprehensive customer service network and a track record of successful applications in the short term, lacking the foundation to build customer trust.
- **Brand recognition:** The industry reputation of solution providers is an essential consideration in long-term supplier selection. A strong brand signifies product reliability, technological innovation, quality assurance, robust technical support, and strict adherence to industry standards. For new entrants, overcoming the dominance of established brands and building recognition and trust requires a prolonged period of sustained effort.

Cost Analysis of Industrial Robots

The cost structure of industrial robot components is shifting as mechanical parts gradually decline in cost while intelligent components account for a growing share of total value. In 2021, reducers and servo systems together represented a large portion of costs, reflecting reliance on imported components and high technical barriers. By 2025, domestic substitution and scale effects had reduced the cost share of key mechanical components, while lightweight design requirements increased the share of structural parts. Looking ahead to 2030, further modularization and manufacturing optimization are expected to lower mechanical component costs, while controllers and advanced structural components will account for a higher share, reflecting continued progress in intelligence, sensing, and materials technologies.

Cost Analysis of Industrial Robots, 2021, 2025, 2030E



OVERVIEW OF EMBODIED AI ROBOT MARKET IN CHINESE MAINLAND

Embodied AI robots refer to robotic entities with physical bodies that are integrated with artificial intelligence (AI), allowing them to perceive, learn, and dynamically interact with their physical environment in a manner similar to humans. This integration enables the robots to exhibit intelligent and adaptive behaviors. Unlike traditional AI robots, which primarily processes data, performs inference, and makes decisions within the digital world (such as computer vision software, conversational AI), embodied AI robots emphasize the interaction between AI and the real, physical world. The robotic body allows the AI to perceive its surroundings through various senses (such as vision, tactility, sound, and force), understand problems, make decisions, and take actions.

Core Distinction Between Embodied AI Robots and Industrial Robots

Industrial robots are designed to perform precise, repetitive, pre-programed tasks in closed, structured environments. In contrast, an embodied AI robot is an intelligent agent that integrates an AI-based decision-making system with a robotic body, enabling it to autonomously perceive, understand, learn, make decisions, and act in open, dynamic environments. The core differences between embodied AI robots and industrial robots are as follows:

Comparative Analysis of Embodied AI Robots and Industrial Robots

	Embodied AI Robot	Industrial Robot
Interaction with the Physical World	• Actively and dynamically interacts with the environment, using its body as a medium to acquire information and learn	• Perception capabilities are typically limited and interactions with the environment are mostly passive
Programming and Deployment	• Can learn and be deployed through natural language instructions	• Deployment and programming require complex programming or coding by robotics engineers
Learning Mechanism	• Adopts a data-driven learning paradigm, integrating various AI technologies	• Primarily relies on control algorithms and interpreted code, with a relatively simple or limited learning mechanism
Generalization and Task Versatility	• Aims for general intelligence, capable of learning and performing various tasks, and can transfer knowledge between different tasks and environments	• Usually specialized tools designed for specific tasks and scenarios, lacking the ability to generalize across different tasks or scenarios

Source: Frost & Sullivan

Market Size of Global Embodied AI Robot Market

With the deep integration of large models and embodied AI technology, and breakthroughs in core technologies, the perception, decision-making, and execution capabilities of embodied AI robots have been significantly enhanced. The embodied AI market is gradually moving towards a stage of large-scale commercial application. 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.

Market Drivers and Development Trends of Embodied AI Robot Market in Chinese Mainland

- **Application and development of large model technology.** The application of large model technology has driven breakthroughs in cross-modal perception and reasoning for embodied AI robots. This enables embodied AI robots to process multi-modal input information including text and images, thereby understanding complex instructions and autonomously reasoning and planning task execution strategies.
- **Rapid expansion of applications from industrial into multiple fields.** The application scenarios for embodied AI robots are rapidly expanding from traditional, structured industrial settings into broader, unstructured application domains. The continuous expansion of application scenarios provides enormous new market space for embodied AI robots, driving the sustained growth of the overall market size.

OVERVIEW OF INJECTION MOLDING EQUIPMENT MARKET IN CHINESE MAINLAND

An injection molding machine is a manufacturing device that produces plastic parts of various shapes by injecting thermoplastic or thermosetting plastics into plastic molds. Injection molding machines have the capability to produce a vast range of high-quality, complex plastic parts with precision and efficiency. Based on different drive methods, injection molding machines can be classified into hydraulic injection molding machines and electric injection molding machines.

Comparative Analysis of Injection Molding Machines by Drive Type

	Hydraulic Injection Molding Machine	Electric Injection Molding Machine
Drive Type	Hydraulic pump	Servo motor
Energy Consumption	High	Moderate to low
Operation Speed & Control Precision	Medium	High
Cleanliness	Low, with risk of oil leakage	High, free of oil contamination
Applications	General plastic products, daily necessities, and consumer goods	Medical consumables, precision components and other products

Source: Frost & Sullivan

Injection molding equipment refers to an automated, integrated production system encompassing the injection molding machine, auxiliary equipment, as well as automated systems for material feeding, water, electricity, and gas. It is designed to provide enterprise customers with a one-stop, customized, and complete automated injection molding production lines. Specifically, auxiliary equipment refers to various devices that work in coordination with the injection molding machine to assist in the production of plastic products, mainly including dehumidifiers, dryers, material loaders, mold temperature controllers, industrial chillers, and others.

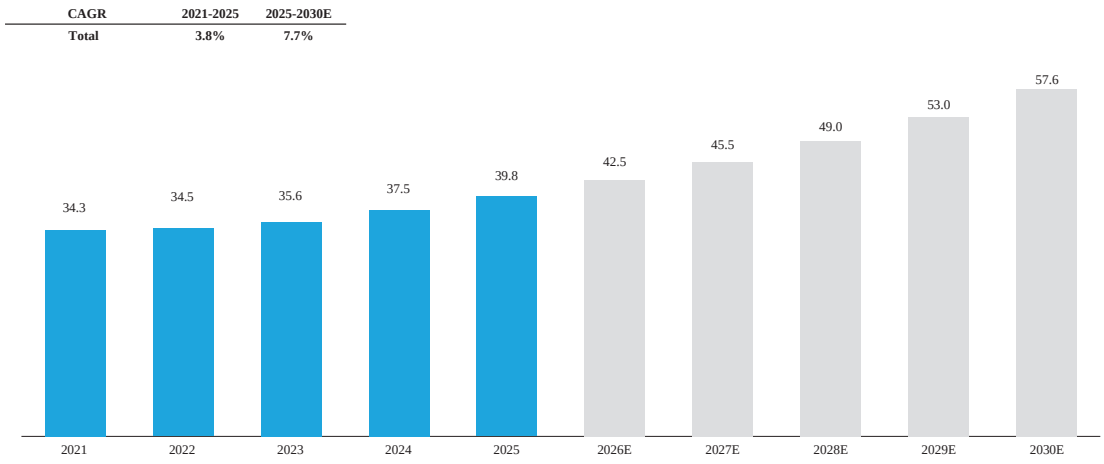
Market Size of Injection Molding Equipment Market in Chinese Mainland

Expanding applications for plastic products and sustained growth in output volume provide continuous momentum for the development of injection molding equipments. The market size of the injection molding equipment market in Chinese Mainland grew from RMB34.3 billion in 2021 to RMB39.8 billion in 2025, achieving a CAGR of 3.8% from 2021 to 2025. The market size of the injection molding equipment market in Chinese Mainland is

further projected to increase to RMB57.6 billion by 2030, with a CAGR of 7.7% from 2025 to 2030, as the penetration rate of electric injection molding machines continues to increase.

Injection molding machines and auxiliary equipment are the core components of injection molding equipment. The injection molding machine is the key equipment for plastic product molding, serving as the primary host machine responsible for plastic melting, injection, and shaping. Auxiliary equipment, on the other hand, comprises essential supporting devices that work in coordination with the injection molding machine to ensure stable production. In 2025, the shipment volume of injection molding machines and auxiliary equipment in Chinese Mainland has reached 97 thousand and 331 thousand, respectively.

Market Size of Injection Molding Equipment Market in Chinese Mainland, in terms of Revenue (RMB billion, 2021-2030E)



Source: Frost & Sullivan

Market Drivers and Development Trends of Injection Molding Equipment Market in Chinese Mainland

- **Increased penetration rate of electric injection molding machines:** As manufacturing enterprises continuously raise their requirements for product quality, energy efficiency, and environmental cleanliness, electric injection molding machines are accelerating the replacement of hydraulic injection molding machines. With the widespread adoption of high-precision components and the further reduction in the manufacturing costs of electric injection molding machines, the market size of electric injection molding machines are expected to continue expanding in the future.
- **Continued expansion of overseas business:** The accelerated development of manufacturing industries in emerging markets such as Southeast Asia and the Middle East has driven these regions to take on an increasing number of manufacturing relocation projects in sectors like automotive components, home appliances, and consumer electronics. This has led to a sustained rise in demand for injection molding equipments in emerging markets, providing broad growth opportunities for the injection molding equipment market. Concurrently, as the technical capabilities of domestic injection molding equipment suppliers continue to improve, the products and services offered by an increasing number of manufacturers have gradually reached international standards, and they are actively expanding their overseas operations. The ongoing expansion of overseas business provides injection molding equipment suppliers with greater market space and a significant enhancement in international competitiveness.

Competitive Landscape of Injection Molding Equipment Market in Chinese Mainland

The injection molding equipment market in Chinese Mainland is highly competitive and the competitive landscape is relatively fragmented. There were over 2,000 injection molding equipment providers in Chinese Mainland in 2025. In terms of the revenue in 2025, our Company ranked ninth in the injection molding equipment market in Chinese Mainland, with a market share of 1.3%. In terms of the revenue of auxiliary equipment in 2025, our Company ranked first in the injection molding equipment market in Chinese Mainland.

Cost Analysis of Injection Molding Machine

Main raw material and components of injection molding machine include controllers, electrical component, drive system, structural component and other core automation components. Structural components dominated the cost structure with a 50%-60% share. Drive system with high technical components accounted for 20%-30% of total cost. Electrical components and controller separately accounted for 10%-15% of the total cost. In the future, As domestically produced electric injection molding machines increasingly become the mainstream, the proportion attributable to the electronics components will gradually decline; however, the overall share of total cost is not expected to change significantly.

OVERVIEW OF CNC MACHINING CENTER MARKET IN CHINESE MAINLAND

CNC (Computer Numerical Control) machining center refers to automated machine tool equipped with a program control system. By logically processing pre-programmed instructions, CNC machining tools can automatically and precisely perform various processes such as cutting, milling, boring, grinding, drilling, and shearing on complex-shaped metal parts and other materials. Based on different levels of technical sophistication, CNC machining centers can be classified into 5-axis linkage CNC machining centers and non-5-axis linkage CNC machining centers.

Comparative Analysis of by technical sophistication

	5-axis Linkage CNC Machining Center	Non-5-axis Linkage CNC Machining Centers
Multi-axis simultaneous control	5-axis simultaneous control	2/3-axis simultaneous control
Feed rate (m/min)	24-100	8-24
Central Processing Unit	32-bit or 64-bit	8-bit or 32-bit
Intelligent functions	Equipped with intelligent features such as smart perception, adaptive control, and precision self-calibration.	Has fewer intelligent features; a limited number may be equipped with basic intelligent functions like tool breakage detection and spindle thermal compensation.
Number of setups	Single setup	Multiple setup
Machining efficiency	High, process simplification	Medium, Short process cycle, Extensive manual intervention
Machining quality	High	Medium
Process requirements	Reduced polishing needs and EDM process	Certain features still need EDM as a supplementary process

Source: Frost & Sullivan

Market Size of CNC Machining Center Market in Chinese Mainland

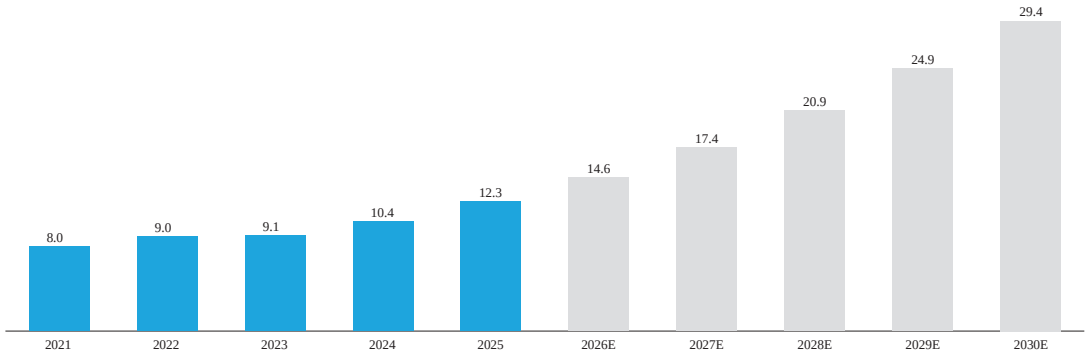
Benefiting from rising demand from downstream enterprises and the continuous improvement of technological capabilities among domestic manufacturers, the CNC machining center industry in Chinese Mainland has experienced steady market expansion. The market size for CNC machining centers in Chinese Mainland has increased from RMB122.3 billion in 2021 to RMB130.3 billion in 2025, and is expected to further increase to RMB177.6 billion by 2030.

In recent years, 5-axis linkage CNC machining centers have seen increasingly widespread application across various sectors. Due to their high efficiency and accuracy advantages in machining complex curved surfaces and irregular structural components, 5-axis linkage CNC machining centers have become critical equipment for process breakthroughs in high-end manufacturing enterprises, such as those in aerospace and automotive precision manufacturing.

The market size of 5-axis linkage CNC machining centers in Chinese Mainland increased from RMB8.0 billion in 2021 to RMB12.3 billion in 2025, with a CAGR of 11.2% from 2021 to 2025. The proportion of 5-axis linkage CNC machining centers within the overall CNC machining center market in Chinese Mainland has increased from 6.6% in 2021 to 9.4% in 2025. Looking ahead, as demand for 5-axis CNC machine tools continues to grow in high-end sectors such as embodied AI robots. the market size of 5-axis linkage CNC machining centers market in Chinese Mainland is expected to further expand to RMB29.4 billion by 2030, accounting for 16.5% of the total CNC machining center market, with a CAGR of 19.1% from 2025 to 2030.

Market Size of 5-axis Linkage CNC Machining Center Market in Chinese Mainland, in terms of Revenue (RMB billion, 2021-2030E)

CAGR	2021-2025	2025-2030E
Total	11.2%	19.1%



Source: Frost & Sullivan

Market Drivers and Development Trends of CNC Machining Center Market in Chinese Mainland

- **Rising demand from high-end manufacturing enterprises:** With the rapid development of Chinese Mainland's high-end manufacturing sectors, enterprise customers in these downstream industries have exhibited continuously growing demand for the processing of precise and complex components. To meet the challenges of high-flexibility manufacturing posed by complex surface forming and rapid product iteration, high-end manufacturing enterprises are increasingly procuring high-performance CNC equipment. This drives the expansion of the overall CNC machining center market and significantly propels the structural upgrade of Chinese Mainland's CNC machining center industry towards a greater focus on high-end products like 5-axis linkage CNC machining centers.
- **Enhanced capabilities in independent R&D of core functional components:** In recent years, domestic CNC machining center suppliers have gradually achieved breakthroughs in the technological research and development of core functional components. The independent R&D of core technologies related to CNC machining centers helps domestic manufacturers reduce production costs and improve product cost-effectiveness. The improvement in independent R&D capabilities for core functional components has effectively strengthened the market competitiveness of domestic high-end CNC machining center manufacturers.

Competitive Landscape of CNC Machining Center Market in Chinese Mainland

The CNC machining center market in Chinese Mainland is highly competitive and the competitive landscape is relatively fragmented. There were over 2,000 CNC machining center providers in Chinese Mainland in 2025. In terms of revenue of 5-axis linkage CNC machining centers in 2025, our Company ranked ninth among all providers in the CNC machining center market in Chinese Mainland, and ranked seventh among domestic providers in the CNC machining center market in Chinese Mainland, with a market share of 2.6%.

Cost Analysis of CNC Machining Center

The cost structure of CNC machine tools mainly consists of the control system, drive system, transmission system, structural components, and others. Among these, the control system accounts for approximately 30-40%, the drive system accounts for 10-15%, the transmission system accounts for 20-25%, structural components account for 35-40%, and others account for around 5%. Looking ahead, as the localization rate of CNC machine tools continues to increase, the overall price of CNC machine tools is expected to show a stable downward trend. The cost of hardware components may decline slightly; however, as CNC machine tools become increasingly intelligent, the proportion of the control system within the overall cost structure is expected to increase correspondingly.

OVERVIEW OF INTELLIGENT ENERGY AND ENVIRONMENTAL MANAGEMENT SYSTEM MARKET IN CHINESE MAINLAND

Intelligent energy and environmental management systems refer to systems that utilize digital technologies to collect, process, and analyze real-time data on energy and environmental parameters such as water, electricity, and gas, including ventilation and exhaust systems, process piping systems, cleanroom construction, large-scale electromechanical installations and others, aimed at optimizing the manufacturing environment and improving energy utilization efficiency. In 2025, the market size for intelligent energy and environmental management system in Chinese Mainland has reached RMB26.3 billion.

Market Drivers and Development Trends of Intelligent Energy and Environmental Management System Market in Chinese Mainland

- **Growing demand for cost reduction.** Cost reduction and efficiency enhancement have become critical strategies for enterprises' sustainable development. Intelligent energy and environmental management systems help corporate clients identify abnormal energy consumption in their production processes, enabling them to effectively reduce unnecessary energy expenditures, thus reduce operational costs while ensuring production quality.
- **Technological innovation and advancement.** Advancements and innovations in technologies such as big data and artificial intelligence drive the intelligent upgrade of integrated energy and environmental management systems. In the future, with the continuous advancement of cutting-edge technologies, intelligent energy and environmental management systems will be equipped with enhanced autonomous predictive and decision-making capabilities, further driving the sustained expansion of the intelligent energy and environmental management systems market.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan, an independent global consulting firm that offers industry research and market strategies and provides growth consulting and corporate training to conduct a detailed research on and analysis of the industrial robotic solutions market in Chinese Mainland, the embodied AI robot market in Chinese Mainland, the injection molding equipment market in Chinese Mainland and the intelligent energy and environmental management system market in Chinese Mainland. We have agreed to pay a fee of RMB700,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in "Summary," "Business," "Financial Information," and elsewhere in

this document to provide our [**REDACTED**] with a more comprehensive presentation of the industries where we operate. During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on the industry trends of the target research markets. Primary research involved discussing the status of the market with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.

The Frost & Sullivan Report was compiled based on the following assumptions: (i) the economy of Chinese Mainland and the global economy are likely to maintain steady growth in the near future; and (ii) the social, economic, and political environment of Chinese Mainland and the world is likely to remain stable from 2024 to 2029.

Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that may qualify, contradict or have a material impact on the information.

The PRC regulations that have a significant impact on our business operations are set out below:

REGULATIONS AND POLICIES RELATING TO THE INDUSTRY

The Implementation Measures for Standardized Management of the Industrial Robotics Industry (《工業機器人行業規範管理實施辦法》) ("**Measures for Standardized Management**" (**《規範辦法》**)) were issued by the Ministry of Industry and Information Technology (MIIT) in July 2017 and came into effect in August 2017. The latest revised version of the Measures for Standardized Management took effect on August 1, 2024. According to the Measures for Standardized Management, the MIIT adopts announcement-based management for industrial robot enterprises that meet the Standard Conditions of the Industrial Robotics Industry (《工業機器人行業規範條件》) ("**Standard Conditions**" (**《規範條件》**)). Enterprises may voluntarily apply; The MIIT reviews the application materials submitted by enterprises who apply for inclusion in the announcement, publicly discloses and officially publishes a list of industrial robot enterprises that meet the Standard Conditions, conducts supervision and inspections of these enterprises, and makes adjustments to or revoke announcements as necessary.

The New Generation Artificial Intelligence Development Plan (《新一代人工智能發展規劃》) was issued by the State Council in July 2017. The plan calls for the development of intelligent industrial robots and intelligent service robots to achieve large-scale deployment and entry into international markets; overcoming technical challenges related to core components and specialized sensors of intelligent robots; and improving standards for hardware interfaces, software interface protocols and safe operation for intelligent robots.

The Guiding Opinions of the Ministry of Industry and Information Technology on Promoting the Development of the Industrial Robotics Industry (《工業和信息化部關於推進工業機器人產業發展的指導意見》) were issued in December 2013 by the MIIT. The document calls for the development of industrial robot system integration technologies that meet user needs, host machine design technologies, and key component manufacturing technologies; achieving breakthroughs in a number of core technologies and critical components; improving the reliability and stability of widely used mainstream products; and promoting large-scale demonstration applications of industrial robots in key areas of industrial manufacturing.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

The Patent Law of the PRC (《中華人民共和國專利法》) (the "**Patent Law**") was revised by the SCNPC on October 17, 2020 and came into effect on June 1, 2021. According to the Patent Law, when the invention or utility model patent is granted, unless otherwise stipulated in the Patent Law, without the approval of the patent owner, no entity or person shall implement the relevant patent, that is, manufacture, use, offer to sell, sell or import the patented products for business purposes, or use the patented method, or use, offer to sell, sell or import the products directly obtained with the patented method. Any dispute in connection with such issues shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the patent owner or the relevant stakeholders may file a lawsuit in the people's court or turn to the patent administration authorities for handling.

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**") revised by the SCNPC on April 23, 2019 and came into effect on November 1, 2019, the registered trademark has a validity period of 10 years starting from the registration date. The trademark registrant enjoys the exclusive right to use the trademark. Any dispute in connection with the activities infringing the registered trademark set out in Article 57 of the Trademark Law shall be resolved by the relevant parties through negotiation. If the relevant parties refuse to negotiate or the negotiation fails, the trademark registrant or the relevant stakeholders may file lawsuits in the people's court or turn to the industrial and commercial administrative department for handling.

Copyright

Copyright (including software copyright) is mainly protected by the Copyright Law of the PRC (《中華人民共和國著作權法》) as promulgated on September 7, 1990 and last amended on November 11, 2020 by the SCNPC and the Implementing Rules of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) as promulgated on May 30, 1991 and last amended on January 30, 2013 by the State Council. Such law and rules prescribe that Chinese citizens, legal persons or other organizations enjoy copyright protection over their works, whether published or not, in the domain of literature, art and science.

In addition, Internet activities, products disseminated over the Internet and software products also enjoy copyright. Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC (中華人民共和國國家版權局) (the "**NCA**") on February 20, 2002 and the Regulation on Protection of Computer Software (《計算機軟件保護條例》) promulgated on June 4, 1991 and last amended on January 30, 2013 by the State Council, the NCA is mainly responsible for the registration and management of software copyright in China; the Copyright Protection Center of China (中國版權保護中心) (the "**CPCC**") is recognised as the software registration organisation. The CPCC shall grant certificates of registration to computer software copyright applicants in compliance with the relevant regulations.

Domain Names

In accordance with the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) which was issued by the MIIT on August 24, 2017 and came into effect on November 1, 2017, the MIIT is responsible for the supervision and administration of domain name services in the PRC. Communications administrations at provincial levels shall conduct supervision and administration of the domain name services within their respective administrative jurisdictions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register".

LAWS AND REGULATIONS RELATING TO PRODUCT LIABILITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated on February 22, 1993 and last amended on December 29, 2018 by the SCNPC, the sellers shall be responsible for the repair, replacement or return of the product sold if: (1) the product sold does not possess the properties for use that it should possess, and no prior and clear indication is given of such a situation; (2) the product sold does not conform to the applied product standard as carried on the product or its packaging; or (3) the product sold does not conform to the quality indicated by such means as product description or physical sample. If a consumer incurs losses as a result of the purchased product, the seller shall compensate for such losses.

According to the Civil Code, if products are identified as defective after they have been put into circulation, the manufacturers or the sellers shall take remedial measures such as issuing warnings, alerts, and product recalls in a timely manner.

LAWS AND REGULATIONS RELATING TO PRODUCTION SAFETY

The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) (the "**Work Safety Law**"), promulgated by the SCNPC on June 29, 2002, was last amended on June 10, 2021 and came into effect on September 1, 2021. Under the Work Safety Law, China enforces a liability and accountability mechanism for production safety accidents. Entities engaged in production and business operations must comply with national or industry work safety standards established in accordance with the law, and provide working conditions that meet the requirements of applicable laws, administrative regulations, and national or industry standards.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》) amended by the Standing Committee of the NPC and came into effect on December 29, 2018, the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) amended by the State Council on July 16, 2017 and came into effect on October 1, 2017, and the Interim Measures for the Acceptance Examination of Environmental Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the former Ministry of Environmental Protection and came into effect on November 20, 2017, enterprises planning for construction projects shall provide environmental impact reports, environmental impact statements and environmental impact registration forms relating to such projects. The environmental impact reports and environmental impact statements must be approved by the competent environmental protection authority prior to the commencement of any construction work, and the environmental impact registration forms must be filed with the said authority. Construction projects shall not be officially put into production or use until their associated environmental protection facilities have passed acceptance inspections. The relevant regulatory authorities have the power to carry out random inspections and supervise the implementation of these facilities.

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2019) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment which came into effect on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharging entity subject to registration management does not need to apply for the pollutant discharge permit, but shall fill in the pollutant discharge registration form on the national pollutant discharge permit management information platform.

LAWS AND REGULATIONS RELATING TO FIRE PREVENTION

According to the Fire Prevention Law of the PRC (《中華人民共和國消防法》) (the "**Fire Prevention Law**"), promulgated by the NPC on April 29, 1998 and last amended on April 29, 2021, and the Interim Provisions on Design Inspection and Acceptance of Fire Protection of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, amended on August 21, 2023 and took effect on October 30, 2023. Upon completion of construction of a construction project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. For other construction projects, the developer shall complete filing with the housing and urban-rural development authority following the inspection and acceptance, the housing and urban-rural development department shall conduct spot checks.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL SECURITY

Labor Law and Labor Contract Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) taking effect on January 1, 1995 and revised on December 29, 2018 and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") taking effect on January 1, 2008 and revised on December 28, 2012, the labor contract shall be signed when the employer establishes labor relationship with the employee. The wage shall not be less than the local minimum wage standard. The employer and the worker shall fully perform the obligations in accordance with the labor contract.

Pursuant to the Labor Contract Law, more stringent requirements are imposed on the use of temporary personnel (known in China as "**dispatched workers**"). Dispatched workers shall enjoy the right to equal pay for equal work as full-time employees. Employing entities are permitted to use dispatched workers only for temporary, auxiliary, or substitute positions.

According to the Interim Provisions on Labor Dispatch (《劳務派遣暫行規定》) issued by the Ministry of Human Resources and Social Security and effective from March 1, 2014, the number of dispatched workers employed by an entity shall not exceed 10% of its total workforce. If the violation is not rectified within the prescribed period, the employing entity may be fined not less than RMB5,000 and not more than RMB10,000 for each dispatched worker exceeding the 10% limit.

Social Insurance and Housing Provident Fund

Under PRC laws, rules and regulations, including the PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") promulgated by the SCNPC in October 2010, which became effective in July 2011 and amended in December 2018, the Interim Measures on the Collection and Payment of Social Security Funds (2019) (《社會保險費徵繳暫行條例(2019修訂)》) promulgated in January 1999 and amended in March 2019, the Regulations on Work Injury Insurance (《工傷保險條例》) issued by the State Council in April 2003 and amended in December 2010, the Regulations on Unemployment Insurance (《失業保險條例》) promulgated by the State Council in January 1999 and the Regulations on the Administration of Housing Accumulation Funds (2019) (《住房公積金管理條例(2019修訂)》) (or referred to the "**Regulations on Housing Fund**") released by the State Council in April 1999 and last amended in March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds and implement certain employee benefit plans, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the deficit amount. According to the Social Insurance Law, an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of 0.05% per day, as the case may be. If the employer still fails to rectify the failure to make social insurance contributions within the deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to the Regulations on Housing Fund, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which took effect on September 1, 2025. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, such agreement or undertaking shall be deemed as invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated based on the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions.

REGULATIONS RELATING TO REAL ESTATE

According to the Land Administration Law of the PRC (2019) (《中華人民共和國土地管理法(2019修正)》) promulgated by the SCNPC on June 25, 1986, last amended on August 26, 2019 with effect from January 1, 2020, lands owned by the state might be transferred or allotted to construction entities or individuals in accordance with the law.

According to the Civil Code, the establishment, alteration, transfer, or extinguishment of a real property right that is required by laws to be registered becomes effective at the time when it is recorded in the register of real property. Real property ownership certificate is the proof of a right holder's entitlement to the property right in the real property.

LAWS AND REGULATIONS RELATING TO THE LEASING OF PROPERTY

Pursuant to the Administrative Measures for the Leasing of Commodity Housing (《商品房屋租賃管理辦法》) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010 and taking effect on February 1, 2011, within 30 days after the execution of the housing lease contract, parties to the leasing of housing shall handle the registration and filing procedure of the leasing of housing at the departments in charge of construction (real estate) of the governments in the municipalities directly under the Central Government, cities or counties where the leased housing is located. In the event that parties to the leasing of housing fail to handle the registration and filing procedure of the leasing of housing, the department in charge shall order rectification within a time limit. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed.

LAWS AND REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

Anti-Monopoly Law

The Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) (the "**Anti-Monopoly Law**") which was promulgated by the SCNPC on August 30, 2007 with effect from August 1, 2008, as revised on June 24, 2022 with effect from August 1, 2022, applies to the monopolistic practices in domestic economic activities in Chinese Mainland as well as the monopolistic practices outside Chinese Mainland which have exclusion or restriction effects on domestic market competition. Operators who violate the Anti-Monopoly Law may be ordered by the enforcement agencies to stop the illegal act, be imposed a fine or be subject to other restrictive measures.

Anti-unfair Competition Law

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") which was promulgated by the SCNPC on September 2, 1993 and last amended on June 27, 2025, operators shall comply with the principle of voluntariness, equality, fairness, integrity and abide by laws and business ethics in production and business operations. Under the Anti-Unfair Competition Law, unfair competition refers to an operator who disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law in their production and business operations. Operators who violate the Anti-Unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

The principal law governing foreign currency exchange in Chinese Mainland is the Foreign Exchange Administration Regulations of the PRC (2008) (《中華人民共和國外匯管理條例(2008修訂)》) (the "**Forex Regulations**") which was promulgated by the State Council on January 29, 1996, effective on April 1, 1996 and last amended on August 5, 2008. Pursuant to the Forex Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loans or investment in securities outside the PRC unless prior approval of the SAFE or the competent local counterparts is obtained.

Pursuant to the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Issues Concerning the Administration of Funds Raised by Domestic Enterprises Listed Overseas (《中國人民銀行、國家外匯管理局關於境內企業境外上市資金管理有關問題的通知》(銀發[2025]252號)) (Yin Fa [2025] No. 252) promulgated on December 24, 2025 and effective from April 1, 2026, a domestic enterprise that conducts an overseas listing shall, within 30 working days from the first trading day of the overseas listing or the completion of the over-allotment option, apply to a bank within the province or the separately-listed municipality at the place of its incoproation for overseas listing registration.

According to the Circular of the SAFE on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary foreign exchange settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary foreign exchange settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. The discretionary exchange settlement ratio of foreign exchange receipts under the capital account of domestic entities is tentatively set as 100%. The SAFE may adjust the above proportion in due time based on international balance of payments. While discretionary settlement of foreign exchange receipts under the capital account is implemented, domestic institutions may still opt to use their foreign exchange income in accordance with the payment-based settlement system.

LAWS AND REGULATIONS RELATING TO TAXATION

Income tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), which was promulgated by the SCNPC on March 16, 2007 with effect from January 1, 2008 and last amended on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (2024) (《中華人民共和國企業所得税法實施條例(2024修訂)》), which was promulgated by the State Council on December 6, 2007 with effect from January 1, 2008 and amended on December 6, 2024, all domestic enterprises in Chinese Mainland (including foreign-invested enterprises) shall be subject to enterprise income tax (EIT) at the uniform tax rate of 25%, except for the high-tech enterprises certified by the State, which will be subject to enterprise income tax at the reduced rate of 15%, or the qualified small low-profit enterprises, which will enjoy the reduced EIT rate of 20%.

Enterprises that are certified as high-tech enterprises in accordance with the Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) are entitled to enjoy the preferential EIT rate of 15%. The validity period of the high-tech enterprise qualification shall be three years from the date of issuance of the certificate of high-tech enterprise.

According to the Announcement on EIT Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得税政策的公告》), which was promulgated by the Ministry of Finance of the PRC (中華人民共和國財政部) (the "**MOF**"), the SAT, the NDRC and the MIIT on December 11, 2020 and came into effect on January 1, 2021, the qualified integrated circuit design, equipment, materials, packaging, testing and software enterprises enjoy the EIT exemption for the first two years starting from the first profit-making year of the enterprise, and a half-rate reduction of the EIT of 25% from the third to the fifth year (that is 12.5%). Key integrated circuit design enterprises and software enterprises encouraged by the State, starting from the first profit-making year of the enterprise, enjoy the EIT exemption for the first five years, and are subject to a reduced EIT rate of 10% in subsequent years.

According to the Announcement of the MOF and the SAT on the Preferential Income Tax Policies for Micro and Small Enterprises and Individually-owned Businesses (《財政部、國家税務總局關於小微企業和個體工商戶所得税優惠政策的公告》) and the Announcement of the MOF and the SAT on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individually-owned Businesses (《財政部、税務總局關於進一步支援小微企業和個體工商戶發展有關税費政策的公告》), during the period from January 1, 2023 to December 31, 2027, for the portion of annual taxable income of a small low-profit enterprise not exceeding RMB1 million, 25% of such amount shall be included in its taxable income, with the applicable EIT rate of 20%.

Value-added tax ("VAT")

According to the Value-Added Tax Law of the PRC (《中華人民共和國增值税法》) promulgated on December 25, 2024 and effective from January 1, 2026, the value-added tax rates are as follows: except as otherwise stipulated, the tax rate for the sale of goods, processing, repair, and replacement services, tangible movable property leasing services, and imported goods is 13%; for the sale of transportation, postal services, basic telecommunications, construction, real property leasing services, the sale of real property, the transfer of land use rights, or the sale or import of certain goods specified in this Value-Added Tax Law of the PRC, except as otherwise stipulated, the tax rate is 9%; for the sale of services and intangible assets, except as otherwise stipulated, the tax rate is 6%; for exported goods, the tax rate is 0%, unless otherwise stipulated by the State Council; the value-added tax rate applicable under the simplified calculation method is 3%.

According to the Announcement on the Weighted VAT Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值税加計抵減政策的公告》) (Announcement [2023] No. 43 of the Ministry of Finance and the State Taxation Administration) promulgated on September 3, 2023 and effective from January 1, 2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of the current deductible input tax amount from their payable VAT. Advanced manufacturing enterprises refer to accredited high-tech enterprises (including their non-corporate branches) that are general taxpayers in the manufacturing industry.

According to the Ministry of Finance and State Administration of Taxation Notice on the Policy of Additional VAT Deduction for Industrial Machine Tool Enterprises (《財政部税務總局關於工業母機企業增值税加計抵減政策的通知》) (Cai Shui [2023] No. 25) promulgated on July 17, 2023 and effective from January 1, 2023, from January 1, 2023 to December 31, 2027, general VAT taxpayers engaged in the production and sale of advanced industrial machine tool hosts, key functional components, and CNC systems shall be permitted to deduct an additional 15% of the current deductible input tax amount from their payable VAT.

REGULATION RELATING TO IMPORTATION AND EXPORTATION OF GOODS

According to the Notice on Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General Administration of Customs of the PRC on January 3, 2023 and came into force on the same day, and the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated on November 19, 2021 and came into force on January 1, 2022, starting from January 3, 2023, where a consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of market entities but is not required to obtain the filing with the foreign trade operator.

LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT

The PRC Company Law

The Company Law of the PRC ("**Company Law**" or "**PRC Company Law**") was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, revised on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023, respectively, and the latest revision of which was implemented on July 1, 2024. Under the PRC Company Law, companies are generally classified into limited liability companies and joint stock limited companies. The PRC Company Law also applies to foreign-invested enterprises.

Foreign Investment Law

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the NPC came into effect on January 1, 2020. Since then, the Foreign Investment Law has become the basic law regulating foreign-invested enterprises which are wholly or partially invested by foreign investors. The organization form, institutional framework and standard of conduct of foreign-invested enterprises shall also be subject to the provisions of the PRC Company Law and other laws. The PRC government

implements the management system of pre-entry national treatment and the Negative List for foreign investment and has abolished the original approval and filing administration system for the establishment and change of foreign-invested enterprises. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry is no less favorable than the treatment accorded to domestic investors and their investments. Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the State. The State accords national treatment to foreign investment outside of the Negative List. The current Negative List is the Special Management Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") issued by the NDRC and the Ministry of Commerce of the PRC (中華人民共和國商務部) (the "**MOFCOM**") on September 6, 2024 with effect from November 1, 2024. The Negative List lists the special management measures for foreign investment access for the regulated industries, such as equity requirements and senior management requirements. Our business do not fall within any category under the Negative List.

While strengthening investment promotion and protection, the Foreign Investment Law further regulates foreign investment management and proposes the establishment of a foreign investment information reporting system. The foreign investment information reporting is subject to the Foreign Investment Information Reporting Method (《外商投資信息報告辦法》), which is jointly promulgated by the MOFCOM and the SAMR on December 30, 2019. According to the Foreign Investment Information Reporting Method, foreign investors who directly or indirectly carry out investment activities in Chinese Mainland shall submit investment information to the competent commercial department through the enterprise registration system and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統); the reporting methods include initial reports, change reports, cancellation reports, and annual reports.

LAWS AND REGULATIONS RELATING TO INFORMATION SECURITY AND DATA PROTECTION

The Cybersecurity Law

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which was last amended on October 28, 2025 and came into effect on January 1, 2026. The Cybersecurity Law requires the network operators to fulfill certain functions related to network security protection and to strengthen the management of network information.

On April 13, 2020, thirteen PRC governmental and regulatory authorities, including the Cyberspace Administration of China, promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》), which was last amended on December 28, 2021, and came into effect on February 15, 2022. The Measures for Cybersecurity Review specifies that, the Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, data processing activities or overseas listing of companies affect or may affect national security.

On September 24, 2024, the State Council promulgated the Regulations on Network Data Security Management (《網絡數據安全管理條例》), which came into effect on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform.

Pursuant to the aforementioned cybersecurity regulations, network operators within PRC shall fulfill cybersecurity protection obligations when conducting network operation activities and data processing activities, including establishing and improving cybersecurity management systems, adopting technical measures to safeguard cybersecurity and preventing data leakage, tampering or loss.

Personal Information Protection Law

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "**PIPL**") was promulgated by the SCNPC and came into force in November 2021. The PIPL stipulates that the processing of personal information shall follow the principles of lawfulness, legitimacy and necessity. The processor shall fulfill the obligation of notification and obtain consent of the individual, and shall take necessary security measures to protect the security of personal information.

Data Security Law

The Data Security Law of the PRC (《中華人民共和國數據安全法》) was promulgated by the SCNPC and came into force in September 2021. It establishes a data protection system based on category and classification and imposes higher requirements for the protection of important data. Relevant competent authorities have the right to conduct key supervision over important data in fields involving national security, economic operation, public interests, etc.

Regulations on Cross-Border Data Transfer

Pursuant to the PIPL and relevant provisions, where personal information or important data is provided to overseas recipients, corresponding compliance procedures shall be completed based on specific circumstances, such as passing a security assessment organized by the national cyberspace administration, signing a standard contract for outbound transfer of personal information and completing the filing thereof, or obtaining relevant certification, among others.

Regulations on Generative Artificial Intelligence

Special regulation over generative artificial intelligence ("**GAI**") services is implemented in PRC. Pursuant to the Interim Measures for the Administration of Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》) promulgated by the Cyberspace Administration of China, the NDRC, the Ministry of Education, the Ministry of Science and Technology, the MIIT, the Ministry of Public Security, and the National Radio and Television Administration, and effective since August 2023, GAI services refer to services that use generative AI technology to provide the public within PRC with generated content such as text, images, audio and video. Providers offering GAI services to the public within PRC shall fulfill corresponding security management and compliance obligations in accordance with the law. Providers offering GAI services with public opinion attributes or social mobilization capabilities shall conduct security assessments in accordance with relevant national regulations and complete the filing, modification and cancellation of algorithm filings pursuant to the relevant regulations. Service providers shall also manage generated content, take measures to prevent the generation of illegal and harmful information, and ensure the legality of data sources as well as the protection of legitimate rights and interests such as personal information and intellectual property rights. This regulatory regime strengthens the regulation and supervision of the application of generative AI technology by imposing enhanced requirements for security assessments, algorithm governance, and content management.

As advised by our PRC Data Compliance Legal Advisor, during the Track Record Period, our practices in relation to personal information processing, cybersecurity and data protection and the establishment of our internal data compliance system were generally in compliance with the applicable PRC laws and regulations on personal information protection, cybersecurity and data security. No material deficiencies were identified that would materially affect the sustainability of our business. Nevertheless, as the relevant regulatory framework continues to evolve, our future operations may be subject to legal uncertainties. For further details, please refer to the "Risk Factors" section in this Document.

LAWS AND REGULATIONS RELATING TO SANCTIONS

Set out below is a summary of the sanctions regimes imposed by the United States.

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S.

persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, the Crimea, the so-called Luhansk People's Republic and the Donetsk People's Republic regions. OFAC also prohibits U.S. persons from dealing with or facilitating dealings with individuals, entities and organizations identified in the SDN List or other sanctions lists. Doing business with individuals or entities from a country or region subject to selective sanctions maintained by OFAC (currently including Russia, Belarus, Venezuela and other countries/regions) will not automatically trigger sanctions risks unless a Sanctioned Target is involved. An entity that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) is also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

OFAC's limited sanctions programs prohibit U.S. persons from participating in certain types of transactions with sanctioned countries and/or governments, such as the provision of services, financing, investments, exports, and/or imports. Prohibited activities vary from program to program, and they generally are not as broad (for example, they do not target activities with all persons or entities in that country). Currently, the U.S. government maintains limited sanctions programs in relation to countries such as Russia (excluding Crimea) and Belarus, and OFAC has issued a series of general licenses authorizing numerous activities.

As advised by our International Sanctions Legal Advisor, based on the Group's transactions during the Track Record Period, especially (i) the Group's business did not involve any comprehensively sanctioned programs, (ii) the Group's transactions with counterparties in countries subject to limited sanctions programs did not involve any sanctioned sectors or industries, and (iii) the Group's transactions do not involved any Sanctioned Target. Accordingly, such activities do not give rise to U.S. primary sanctions exposure and do not appear to present material U.S. secondary sanctions risk.

However, in light of the evolving nature of sanctions regulations and the Group's potential future business expansion, the Group's operations in countries subject to sanctions programs may give rise to potential sanctions compliance risks. For associated risks, see "Risk Factors — We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions and monetary penalties administered by the United States, the European Union, the United Kingdom, Australia and other relevant sanctions authorities."

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (2014) (《境外投資管理辦法(2014)》) which was issued by the MOFCOM on September 6, 2014 with effect from October 16, 2014, the MOFCOM and the commerce departments at provincial levels shall conduct filing or approval management depending on different circumstances of overseas investments of enterprises. Overseas investments of enterprises involving any sensitive country or region, or any sensitive industry shall be subject to approval management. Overseas investments of enterprises under other circumstances shall be subject to filing management.

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) which was issued by the NDRC on December 26, 2017 and became effective on March 1, 2018, an enterprise in the territory of the Chinese Mainland (the "**Investor**") carrying out overseas investments shall undergo procedures including the approval or filing for an overseas investment project (the "**Project(s)**"), report the relevant information, and cooperate in supervisory inspection. Sensitive projects conducted by Investors directly or through overseas enterprises controlled by them shall be subject to approval management. Non-sensitive projects conducted by Investors directly, namely, non-sensitive projects involving Investors' direct contribution of assets, equity or provision of financing or guarantees, shall be subject to filing management.

According to the Circular of the SAFE on Promulgating the Administrative Provisions on Foreign Exchange of the Overseas Direct Investments of Domestic Institutions (《國家外匯管理局關於發佈境內機構境外直接投資外匯管理規定的通知》) promulgated by the SAFE on July 13, 2009 with effect from August 1, 2009 and the Circular on Issues Relating to Further Simplifying the Direct Investment-related Foreign Exchange Administration (《關於進一步簡化直接投資外匯管理有關問題的通知》) promulgated by the SAFE on February 13, 2015 with effect from June 1, 2015, which was partially repealed on December 30, 2019, Chinese enterprise that has been permitted to make overseas investments shall go through foreign exchange registration procedures for overseas direct investments at local banks where such enterprise was incorporated.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and five supporting guidelines, which came in to effect on March 31, 2023. Pursuant to the Trial Measures, PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market, which include (1) any PRC enterprise limited by shares; and (2) any offshore enterprise that conducts its business operations primarily in Chinese Mainland and contemplates to offer or list its securities in an overseas market based on its onshore equities, assets or similar interests, are required to file with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Confidentiality**"), which became effective on March 31, 2023. Pursuant to the Provisions on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.

According to the State Council Provisions on Outbound Investment (《國務院關於對外投資的規定》) with effect from July 1, 2026, if an investor fails to fulfill the approval or record-filing procedures for outbound investment as required, the approval or record-filing authority shall order the investor to rectify the non-compliance, confiscate any illegal gains, and impose a fine of not less than 1‰ but not more than 5‰ of the investment amount. If the investor refuses to rectify, the authority shall order the suspension of the investment activity and the disposal of shares and assets within a specified period, and impose a fine of not less than 5‰ but not more than 10‰ of the investment amount. The directly responsible supervisors and other directly responsible personnel shall each be fined not less than RMB20,000 but not more than RMB50,000. From the effective date of the penalty decision, the relevant competent authorities may refuse to accept any approval or record-filing application submitted by the violating party for a period of three years, or prohibit the violating party from engaging in outbound investment activities for a period of not less than one year but not more than three years.

RELEVANT LAWS AND REGULATIONS IN THE U.S.

U.S. Outbound Investment Security Program

Executive Order 14105, issued on August 9, 2023, introduced a framework to address certain U.S. outbound investments in national security technologies and products in countries of concern. On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued implementing regulations establishing the Outbound Investment Security Program (the "**OISP**"), which became effective on January 2, 2025.

Under the OISP framework, certain outbound investments by "U.S. persons" involving "covered foreign persons" knowingly engaged in specified activities involving sensitive technologies — including those in the (i) semiconductor and microelectronics, (ii) quantum information technologies and (iii) artificial intelligence ("**AI**") sectors — may be prohibited or subject to notification requirements (collectively, the "**covered activities**").

Key elements of the jurisdictional scope of the Outbound Investment Security Program are as follows:

(1) Requirements on U.S. persons: the OISP imposes obligations on U.S. persons, including prohibiting certain transactions and requiring notification for certain others. U.S. persons must also take reasonable steps to prevent controlled foreign entities from entering into prohibited transactions and must file notifications for notifiable transactions undertaken by such entities within 30 days after completion;

(2) Categories of covered transactions: the OISP applies to certain transactions by U.S. persons, including acquisitions of equity or contingent equity interests, certain debt financing arrangements conferring specified rights, conversions of contingent equity interests, greenfield investments or corporate expansions, joint ventures, and certain investments as a limited partner or equivalent in non-U.S. pooled investment funds;

(3) Knowledge standard: the obligations under the OISP apply where a U.S. person has knowledge of relevant facts or circumstances relating to a transaction;

(4) Covered foreign persons: the OISP applies to transactions involving a "covered foreign person," generally referring to entities connected to countries of concern that engage in specified activities relating to sensitive technologies or that derive a substantial portion of their financial metrics from such entities;

If one or more of the above elements are not satisfied, then the transaction would generally fall outside the scope of the OISP, and investors do not need to notify the Treasury.

The OISP also provides certain exceptions under which transactions that would otherwise fall within the scope of the prohibitions or notification requirements may be excluded. These exceptions include certain investments by U.S. persons in publicly traded securities listed on a national securities exchange.

As advised by our International Sanctions Legal Advisor, (i) our Group's current business operations do not involve "covered activities" as defined under the OISP and (ii) we did not constitute a "covered foreign person" for the purposes of the OISP. As a result, U.S. persons purchasing H Shares in the [**REDACTED**] will not be engaging in prohibited or notifiable transaction under the OlSP. Accordingly, our Directors are of the view that the OISP has not had any material adverse impact on our operations or financial condition, and is not expected to have any such adverse impact on the [**REDACTED**] or the [**REDACTED**].

Notwithstanding the foregoing, the OISP remains subject to evolving regulatory interpretation and potential policy development. On December 18, 2025, the Comprehensive Outbound Investment National Security Act of 2025 (the "**COINS Act**"), which is expected to supersede the existing OISP framework, was enacted and will be subject to a rulemaking process expected to be completed by March 2027. While our current business operations do not involve "covered activities" as defined under the OISP, future expansion of our business may involve activities within the scope of the OISP, and we will continue to monitor regulatory developments and assess their potential impact on our operations.

LAWS AND REGULATIONS OF VIETNAM

Below is an overview of the laws and regulations materially relevant to our business in Vietnam.

Law on Investment 2025

The Law on Investment No. 143/2025/QH15, adopted by the National Assembly of the Socialist Republic of Vietnam on December 11, 2025 and effective from March 1, 2026 (the "**2025 Investment Law**"), replaces the Law on Investment 2020 and serves as the cornerstone of Vietnam's legal framework for business investment. Organized into 7 Chapters and 52 Articles, it governs the full investment lifecycle from market entry and issuance of Investment Registration Certificates (IRC) to post-investment operations and liquidation. The 2025 Investment Law was enacted to modernize investment protocols, integrate high-standard commitments from New Generation Free Trade Agreements (FTAs), and facilitate a shift toward a digital and green economy. Key reforms include enhanced digital transformation in licensing, expanded investment incentives for Strategic Projects (particularly those involving semiconductor technology, hydrogen energy, and carbon capture), and refined market access conditions incorporating ESG standards.

Investment registration certificate

In order to invest in Vietnam by way of establishing a new economic organization, a foreign investor is required to satisfy the applicable market access conditions, obtain an Enterprise Registration Certificate ("**ERC**") in advance, and obtain an investment registration certificate ("**IRC**") from the competent authority, except in cases of establishing small and medium-sized innovative startup enterprises and innovative startup investment funds. The IRC is optional for domestic investors and, in specific circumstances, for foreign investors acquiring existing contributed capital or shares. Any change to the contents of the IRC requires an application for amendment.

Law on Enterprises 2020

The Law on Enterprises No. 59/2020/QH14, effective January 1, 2021 (the "**Law on Enterprises 2020**"), requires any company incorporated in Vietnam to obtain an ERC from the Business Registration Office of the provincial Finance Department where its head office is located. Any change to the content of the ERC must be registered or notified within ten (10) days from occurrence of such change.

Corporate Governance Structure of a Single-member Limited Liability Company

Under the Law on Enterprises 2020, a company may be incorporated as, among others, a single-member limited liability company (the "**Single-member LLC**"), whose charter capital consists of capital contribution portions (rather than shares) contributed by its owner. The organizational structure may take one of the following forms: (i) the President and the (General) Director; or (ii) the Members' Council and the (General) Director. The company

must have at least one individual legal representative residing in Vietnam. The owner of a Single-member LLC may not receive profit distributions when the company has outstanding debts or financial obligations that have fallen due. Pursuant to Circular No. 06/2019/TT-NHNN, remittance of profits offshore must be conducted through a Direct Investment Capital Account ("**DICA**"), and the foreign investor must notify the competent tax authority at least seven (7) business days prior to such remittance.

Foreign Exchange Control

An enterprise with foreign investment must open a DICA at one credit institution licensed to operate in Vietnam. Payment of investment capital, remittance of principal investment capital, profit, foreign loans and other lawful revenue must be conducted via this DICA. Foreign investors contribute equity capital through a DICA account in the currency registered as the charter capital on their business registration certificate. Any foreign loan (with offshore lenders) with a term of more than 12 months (from the disbursement date) must be registered with the State Bank of Vietnam. Any import shipment with credit over 45 days is considered as the loans and also required to report to the State Bank of Vietnam.

Labor Code

The Labor Code No. 45/2019/QH14, adopted by the National Assembly on November 20, 2019 (the "**Labor Code 2019**"), sets out the legal framework for labor relations in Vietnam. Labor contracts must be made in writing or in permitted electronic form, except for contracts with a term of less than one month. A labor contract may be: (a) indefinite term; (b) fixed term between 12 and 36 months; or (c) seasonal or specific job contract with a term of less than 12 months. Wages paid to employees shall not be lower than the regional minimum wage prescribed by the Government. Employers with 10 or more employees must maintain written Internal Labor Regulations covering working hours, workplace order, occupational health and safety, asset protection, disciplinary measures, and damage liability.

Occupational health and safety

Employers and employees are subject to statutory occupational health and safety ("**OHS**") requirements. Employers must provide adequate personal protective equipment to employees working in dangerous or toxic environments, ensure all machinery and equipment meet mandatory safety standards and undergo periodic testing, conduct OHS training upon recruitment and assignment changes, and arrange periodic health checks for employees. Employers must also assess hazards, maintain safe working conditions, display safety instructions at the workplace, and consult the labor collective representative when formulating OHS plans.

Expatriates

To lawfully work in Vietnam, an expatriate must obtain a work permit or a confirmation of work permit exemption from the local labor authority prior to commencing work, unless otherwise exempt. A work permit or exemption confirmation is valid for a maximum of two years and is renewable. Labor contracts entered into with expatriates must be filed with the competent provincial labor management authority within five business days from the date of execution.

The work-permit regime for foreign nationals working in Vietnam is currently governed by Decree No. 219/2025/ND-CP (effective August 7, 2025), which superseded Decree No. 152/2020/ND-CP (as previously amended).

Social Insurance Law

The Law on Social Insurance 2024 (No. 41/2024/QH15), promulgated on June 29, 2024 and effective from July 1, 2025, comprehensively regulates compulsory social insurance, voluntary social insurance, supplementary pension insurance, and social pension benefits. Key highlights include the expansion of compulsory social insurance coverage to part-time workers and workers under non-labor contracts who are paid and subject to management and supervision, and the authorization of electronic social insurance books. The contribution wage base includes the monthly wage rate, position based allowances, and other additional benefits.

The Law on Trade Unions

The Law on Trade Unions No. 50/2024/QH15 (the "**2024 Trade Union Law**"), approved by the National Assembly on November 27, 2024, replaces the 2012 regime and modernizes Vietnam's labor relations framework in alignment with international labor standards. Key reforms cover organizational autonomy, trade union finance (preserving the 2% trade union fee), and enhanced protection of employees' rights. For market participants, the 2024 Trade Union Law underscores Vietnam's commitment to social governance and compliance.

Taxation

Under prevailing tax laws, foreign direct investment companies are mainly subject to: (i) Corporate Income Tax ("**CIT**"); (ii) Personal Income Tax ("**PIT**"); (iii) Business License Tax ("**BLT**"); and (iv) Value-Added Tax ("**VAT**").

Corporate Income Tax ("CIT")

CIT is imposed on income earned by organizations conducting production or business activities. The standard CIT rate ranges from 17% to 20%, with preferential rates and exemptions available for qualifying projects in designated sectors and geographic zones. Enterprises subject to CIT must make quarterly payments and conduct annual CIT finalization at the end of each tax year.

Personal Income Tax ("PIT")

PIT applies to resident individuals on worldwide taxable income and to non-resident individuals on Vietnam-sourced income. Employers, as income-paying entities, are responsible for withholding, declaring, and paying PIT on behalf of their employees on a monthly or quarterly basis, and must conduct annual PIT finalization for all taxable income paid to employees.

Business License Tax ("BLT")

Business License Tax was abolished with effect from January 1, 2026 pursuant to Article 10.7 of Resolution No. 198/2025/QH15 and Decree No. 362/2025/ND-CP (repealing Decree No. 139/2016/ND-CP and Decree No. 22/2020/ND-CP). Prior to that date, an annual BLT of VND1,000,000 to VND3,000,000 applied depending on registered charter capital.

Value-Added Tax ("VAT")

The Law on Value Added Tax 2024 (No. 48/2024/QH15), effective July 1, 2025, as amended by Law No. 90/2025/QH15 of the same date, provides that goods and services arising in the processes of manufacturing, business, and consumption in Vietnam are generally subject to VAT, except for specified exempt categories. Goods transiting through Vietnam's territory, goods temporarily imported or exported, raw materials imported for export processing under contracts with foreign partners, and goods and services traded between or among parties in non-tariff zones are not subject to VAT.

Construction

The Construction Law 2014 (No. 50/2014/QH13), effective January 1, 2015, as amended by Law No. 62/2020/QH14, comprehensively regulates construction investment activities in Vietnam, including the process and procedures for planning, appraisal, and approval of construction investment projects; site survey, design, construction, inspection, and handover of works; issuance of construction permits; and quality management, warranty, and maintenance. Construction projects requiring a building permit may only be placed into use after all statutory procedures have been completed, the building permit has been obtained, and the competent authority has inspected and approved the work for use.

Personal Data Protection

Decree No. 13/2023/ND-CP on Personal Data Protection, effective July 1, 2023 ("**Decree 13/2023**"), codifies and tightens personal data protection regulations in Vietnam. A data owner's consent to the disclosure, processing, use for advertising purposes, and transfer of personal data must be in printable or copyable form and may be withdrawn at any time;

silence or non-response does not constitute consent. Processing of personal data and cross-border transfer of personal data outside Vietnam are subject to assessment by the Department of Cybersecurity and High-tech Crime Prevention and Control. Non-compliance may result in administrative fines, suspension or revocation of processing licenses, or criminal liability. Entities providing information technology services must additionally comply with data localization and storage obligations and implement blocking and handling measures upon notice of unlawful data transmissions.

Land Law

The Land Law 2024 (No. 31/2024/QH15), promulgated on January 18, 2024 and effective from January 1, 2025, as amended by Law No. 43/2024/QH15 (effective August 1, 2024), provides that all land belongs to the people of Vietnam and is administered by the Vietnamese Government. Private freehold ownership is not available; land users are granted statutory rights to use land evidenced by land use right certificates. A foreign-invested enterprise may access land by way of: (a) leasing or sub-leasing from the State or industrial zone developers; (b) receiving land allocation from the State for residential development; (c) entering into a joint venture with a Vietnamese party who contributes capital by way of land use rights; or (d) taking an assignment of a licensed project or property from other investors, including the land use rights attached thereto. Upon satisfying applicable statutory conditions, foreign-invested enterprises may obtain a land use right certificate and may transfer, sell, contribute capital using, or mortgage assets on the land.

Anti-corruption Law

The Law on Anti-Corruption 2018 (No. 36/2018/QH14), effective July 1, 2019, stipulates measures to prevent, detect, and handle acts of corruption and prescribes sanctions applicable to both the state and non-state enterprise sectors. The Law defines the responsibilities of agencies, organizations, units, and individuals in anti-corruption efforts and in international cooperation on anti-corruption. Its core focus is the control of assets and income of persons holding positions and powers. The Law enhances publicity and transparency in management activities across both the state and private sectors.

LAWS AND REGULATIONS OF INDONESIA

Overview on Limited Liability Company

Limited liability company in Indonesia is governed by Law No. 40 of 2007 on limited liability company, as lastly amended by Law No. 6 of 2023 on the Determination of Government Regulation in lieu of Law No. 2 of 2022 on Job Creation into a Law (the "**Job Creation Law**"), including any of its implementing regulations, as may be amended from time to time (the "**Company Law**").

Indonesia recognizes two main types of limited liability companies, which are:

1. Domestic Investment Company or *Perseroan Terbatas Penanam Modal Dalam Negeri* ("**PMDN Company**"), wholly owned by Indonesian individuals and/or legal entities; and
2. Foreign Capital Investments Company or *Perseroan Terbatas Penanaman Modal Asing* ("**PMA Company**"), wholly or partly owned by foreign individuals or entities, or jointly owned between Indonesian and foreign parties.

Under the Company Law, a company must be established by at least two shareholders, through a notarial deed of establishment, and approved by the Ministry of Law of Indonesia.

A company must have at least one member of the board of directors and one member of the board of commissioners. The board of directors manages and represents the company, while the board of commissioners supervises and advises the board of directors. The General Meeting of Shareholders (**GMS**) is the highest corporate organ, holding authority over key matters, including appointment and dismissal of directors and commissioners, amendments to the articles of association, approval of corporate actions, and determination of dividend distributions.

Foreign Direct Investment

Foreign direct investment ("**FDI**") is primarily governed by Law No. 25 of 2007 on Investment, as lastly amended by the Job Creation Law (the "**Investment Law**"), and

Presidential Regulation No. 10 of 2021 on Investment Business Field as lastly amended by Presidential Regulation No. 49/2021 (the "**Positive Investment List**").

FDI must be conducted through a PMA Company, either by establishing a new company or acquiring shares in an existing company. Certain business sectors are subject to foreign ownership restrictions, while others are open or reserved for specific categories of investors.

Under Article 26 paragraph (2) and Article 26 paragraph (10) of the Head of Investment Coordinating Board Regulation No. 5 of 2025 on Guidelines and Procedures for Business Licensing Based on Risk and Investment Facilities Through an Electronically Integrated Business Licensing System ("**BKPM Reg No. 5/2025**"), a PMA Company must qualify as a large-scale enterprise, with a minimum issued and paid-up capital of at least IDR2.5 billion, and a minimum investment requirement of more than IDR10.0 billion per business line per business location, excluding land and buildings, unless stipulated otherwise by laws.

OSS RBA System and Licensing Framework

Business licensing in Indonesia is administered through the Online Single Submission – Risk-Based Business Licensing ("**OSS RBA**") system under Government Regulation No. 28 of 2025 on the Organization of Risk-Based Business Licensing and BKPM Reg No. 5/2025.

Under the current OSS RBA system regime, business activities are classified into:

1. Low risk, only requires Business Identification Numbers ("NIB") to commence operations;
2. Medium-low risk, requires NIB and a (self-declared) Certificate of Standards;
3. Medium-high risk, requires NIB and a verified Certificate of Standards; and
4. High risk, requires NIB and relevant licenses from relevant ministry.

The NIB serves as the primary business identification and may also function as other regulatory registrations, depending on the business activity.

Industrial Business License

Industrial activities are regulated under Law No. 3 of 2014 on Industry, as lastly amended by the Job Creation Law (the "**Industrial Law**"), Government Regulation No. 28 of 2025 on Risk-Based Business Licensing (the "**GR No. 28/2025**") and BKPM Reg No. 5/2025. To maintain licencing, companies must submit biannual industrial reports via the National Industry Information System (*Sistem Informasi Industri Nasional*, or "**SIINAS**") as prescribed by Ministry of Industry Regulation No. 13 of 2025, and quarterly Investment Activity Reports through the OSS system, both before and after the company initiates commercial production.

Construction Business Entity Certificate

Every business entity engaged in construction services is required to possess a business entity certificate, which is issued through a certification and registration process conducted by the Central Government. This certificate is valid for a period of three years and may be extended, as stipulated under Law No. 2 of 2017 on Construction Services and Government Regulation No. 22 of 2020 on the Implementing Regulation of Law No. 2 of 2017 on Construction Services. Non-compliance with this requirement may result in sanctions in the form of temporary suspension of construction service activities and the imposition of administrative fines on business entities that do not possess a Construction Business Entity Certificate.

Trade Business License

Trading activities are primarily governed under the Law No. 7 of 2014 on Trade, as lastly amended by the Job Creation Law (the "**Trade Law**"). Under Article 24 (1) of the Trade Law, business actors conducting trading activities must obtain a business license.

Under GR No. 28/2025, certain wholesale activities are classified as low-risk businesses, requiring only NIB prior to commencing operations. Failure to comply may result in administrative sanctions and/or imprisonment for a maximum of four years or a fine of up to IDR10.0 billion.

Import and Export Licensing

Import and export activities in Indonesia are mainly governed under GR No. 28/2025 and relevant Ministry of Trade ("**MOT**") regulations. Business actors must obtain NIB, which also serves as an import identification number (*Angka Pengenal Importir*, or "**API**") and customs access. API embedded in the NIB can function as a general API, for importing goods intended for trade, or a producer API, for importing goods that are used internally (i.e, capital goods, raw materials, auxiliary materials, and/or materials to support the production process). For certain categorized goods, importers must obtain additional business license from MOT before the goods enter into the Indonesian customs territory.

Environmental Law

Environmental matters in Indonesia are primarily governed by Law No. 32 of 2009 on Environmental Protection and Management, as lastly amended by the Job Creation Law (the "**Environmental Law**"). Under the Environmental Law, businesses are required to obtain an environmental approval ("**Environmental Approval**") before applying for business licenses and commencing operations.

Environmental Approvals are categorized based on the level of their potential environmental impacts, namely:

1. Environmental Feasibility Decision (*Keputusan Kelayakan Lingkungan Hidup*), for activities with significant environmental impacts requiring an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan*, or "**AMDAL**");
2. Environmental Management Commitment Statement (*Pernyataan Kesanggupan Pengelolaan Lingkungan Hidup*), for activities with lower environmental impacts requiring an Environmental Management and Monitoring Efforts ("**UKL-UPL**"); and
3. Statement of Commitment for Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or "**SPPL**"), for activities that are not subjected to AMDAL or UKL-UPL requirements.

In addition, business that discharge emissions, wastewater, or manage hazardous and toxic waste, must also obtain specific environmental permits in accordance with their activities. Pursuant to the Environmental Law, failure to obtain the required environmental approval may result in administrative sanctions, including, written warnings, enforcement by the government, administrative fines, suspension of business licenses and/or revocation of business licenses.

Currency Law

The use of foreign exchange in Indonesia is mainly governed by Law No. 7 of 2011 on Currency, as lastly amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector, Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah in the Territory of Indonesia, and the Circular Letter of the Bank of Indonesia Number 17/11/DKSP of 2015 concerning the Obligation to Utilise Rupiah within the Territory of Indonesia (the "**Mandatory Use of IDR Regulation**").

As a general rule, IDR must be used for all transaction within Indonesian, including payments and settlement of monetary obligations, regardless of the parties' nationality, with certain exemption. Foreign investors may repatriate funds such as capital, profits, interest, and dividends in accordance with Article 8 paragraph (3) of the Investment Law. Non-compliance may result in: (a) imprisonment for up to one year and a fine of IDR200 million; and (b) written warnings, fines, and prohibition from participation in payment transactions.

Language Law

Pursuant to Law No. 24 of 2009 on the Flag, Language, State Emblem, and National Anthem, as further elaborated by Presidential Regulation No. 63 of 2019 on the use of Indonesian Language (collectively the "**Language Law**"), agreements involving Indonesian parties must be executed in Bahasa Indonesia. Where a foreign party is involved, the agreement may also be executed in a foreign language. The parties may agree on the prevailing language in case of inconsistency.

Employment

Employment matters are governed by Law No. 13 of 2003 on Manpower, as lastly amended by the Job Creation Law, and Government Regulation No. 35 of 2021 on Fixed Term Employment Agreement, Outsourcing, Working Hours, Rest Periods, and Termination of Employment (the "**Manpower Law**").

Employment relationships are categorized as fixed-term (*Perjanjian Kerja Waktu Tertentu*, or "**PKWT**") or permanent (*Perjanjian Kerja Waktu Tidak Tertentu*, or "**PKWTT**"). Employers hiring foreign workers must obtain a Foreign Worker Plan (*Rencana Pengunaan Tenaga Kerja Asing*, or "**RPTKA**") approved by the central government as well as the relevant stay permits. A company is prohibited from employing a foreign worker for human resources related position.

Companies are required to submit an annual manpower report to the Ministry of Manpower. Failure to comply may result in administrative sanctions. Company that employs at least ten employees must adopt a company regulation (or a collective labour agreement, if applicable) that must be ratified by the Ministry of Manpower and are valid for two years.

Furthermore, according to the Manpower Law, a company is prohibited from paying wages below the regional minimum wage. In this regard, the applicable minimum wage provisions are provided as follows: (i) Governor Regulation of Jakarta No. 1142 of 2025 on the 2026 Minimum Wage of the Province, which stipulates that the minimum wage for the Special Capital Region of Jakarta is IDR5,729,876; and (ii) Governor Regulation of Kepulauan Riau No. 1331 of 2025 on the 2026 Minimum Wage of Batam City, which stipulates that the minimum wage for Batam City is IDR5,357,982. Non-compliance with the prevailing minimum wage is subject to sanctions in the form of: (i) imprisonment ranging from one to four years, and/or (ii) a fine ranging from IDR100.0 million to IDR400.0 million as set out in Article 185 of the Manpower Law.

Under Law No. 24 of 2011 on Agency of Employee Social Security (*Badan Penyelenggaraan Jaminan Sosial*), as lastly amended by the Job Creation Law and its implementing regulations, employer, except the government, is required to enrol all employees (permanent or contract) for Employee Social Security (*Jaminan Sosial Tenaga Kerja*, or "**BPJS**") programs, covering manpower and health. Non-compliance may result in administrative sanctions.

Personal Data Protection, Cross-Border Data Transfer, Cybersecurity

Personal data protection in Indonesia is primarily governed by Law No. 27 of 2022 on Personal Data Protection, as may be amended from time to time (the "**PDP Law**"). The PDP Law applies to any person (individual or legal entity), public body, or international organization that performs legal acts regulated by the PDP Law, which is either located (a) in the territory of Indonesia; or (b) outside the territory of Indonesia but still within (i) the jurisdiction of Indonesia, and/or (ii) relating to any Indonesian nationals. However, the PDP Law does not apply to the processing of personal data by individuals for personal purposes.

Under the PDP Law, the processing of personal data must comply with key principles, including lawful basis (such as consent or other legitimate grounds), purpose limitation, data minimization, accuracy, storage limitation, integrity and confidentiality, and accountability.

The PDP Law also regulates the transfer of personal data outside Indonesia. In general, cross-border transfers are permitted provided that the data controller ensures that: (i) the recipient country or international organization has a level of personal data protection that is equal to or higher than that under the PDP Law; or (ii) in the absence of such adequacy, appropriate and binding safeguards are implemented; or (iii) where neither of the foregoing

can be satisfied, the data subject has provided explicit consent to the transfer. Failure to comply with the PDP Law may result in administrative sanctions.

As of the date of this document, Indonesia does not yet have a standalone and comprehensive cybersecurity law. Cybersecurity-related matters are presently regulated in a fragmented manner under various existing laws and regulations across different sectors and authorities, including Law No. 11 of 2008 on Electronic Information and Transactions, as amended, and Government Regulation No. 71 of 2019 on the Implementation of Electronic Systems and Transactions. These regulations primarily apply to Electronic System Operators (*Penyelenggara Sistem Elektronik*, or "**PSE**"), being any person, state administrator, business entity, or community that provides, manages, and/or operates an electronic system, whether individually or jointly, for users.

Under the prevailing regulatory framework, PSE are required, among others, to (i) ensure the reliability, security, and proper operation of their electronic systems; (ii) implement appropriate technical and organisational security measures to protect electronic information and data from unauthorized access, disclosure, alteration, or destruction; (iii) maintain the confidentiality, integrity, and availability of data processed through their systems; (iv) establish internal governance policies and standard operating procedures relating to cybersecurity and data protection; and (v) in certain cases, register their electronic systems with the relevant authority. Non-compliance with applicable cybersecurity and electronic system regulations may result in administrative sanctions.

OVERVIEW

Our history can be traced back to June 2007 when the predecessor of our Company (then known as Dongguan Tuosipuda Plastic Machinery Manufacturing Co., Ltd. (東莞市拓斯普達塑膠機械製造有限公司)) was established under the laws of the PRC. Over the years of development, we have become a leading 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.

In March 2014, our Company was converted into a joint stock limited company and renamed as Guangdong Topstar Technology Co., Ltd. (廣東拓斯達科技股份有限公司). From December 2014 to January 2017, our Company was quoted on the NEEQ. Since February 2017, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code of 300607. As of the Latest Practicable Date, the issued share capital of our Company was RMB476,972,412 comprising 476,972,412 A Shares of nominal value of RMB1.00 each.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2007	Focused on auxiliary equipment for plastic injection molding production processes
	Developed one of the Chinese Mainland's first energy-saving three-in-one auxiliary units
2011	Expanded into the Cartesian coordinate robot market and launched self-developed Cartesian coordinate robots to break the foreign monopoly
2013	Established the automation project department to expand into multi-field automation application scenarios
2014	Quoted on the NEEQ (stock code 831535)
2015	Initiated the R&D of multi-joint robots, enhanced the SCARA and six-axis product series
2017	Listed on the ChiNext Market of the Shenzhen Stock Exchange (stock code: 300607), becoming the first listed robotics company in Guangdong Province, the PRC
2020	Developed the injection molding machine business line to provide turnkey solutions for injection molding plants
2021	Acquired a controlling stake in Dongguan AFMING to expand our product portfolio to metal processing through the high-end CNC machining center
	Achieved a full portfolio of processing equipment for plastic and metal materials
2023	Co-developed the new-generation X5 intelligent robot control platform (the "Industrial Small Brain" (工業小腦)) with openEuler
	Launched vertical large model for the industrial robot field

Year	Milestone
	Launched intelligent workstations for sorting, palletizing, and vibration-assisted loading and unloading in the consumer electronics and toy manufacturing industries
	Developed proprietary foundational technologies, specifically for robot controllers, servo drives and core vision algorithms
2024	Launched the Chinese Mainland's first robot control platform with "Cloud-Edge-End" deployment and integrated "Sensing-Computing-Control"
2025	Introduced intelligent single-arm and dual-arm robots
	Jointly established our subsidiary Guangdong Matrix Zhituo Technology Co., Ltd. (廣東矩陣智拓科技有限公司) with Knowledge Atlas Technology Joint Stock Company Limited (北京智譜華章科技股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 2513), propelling robotics technology from the programming-driven era into the AI-driven era; For details, please refer to "— Corporate Structure — Corporate Structure Immediately Before the [**REDACTED**]" in this section
	Introduced "Xiaotuo" (小拓), Chinese Mainland's first intelligent humanoid robot deployed in the injection molding scenario
2026	Introduced an intelligent quadruped robot "Xingzai" (星仔)

OUR MAJOR SUBSIDIARIES

The following table sets forth detailed information of the major subsidiaries of our Company that made a material contribution to our results of operations during the Track Record Period:

Name of subsidiary	Place of establishment	Date of establishment	Equity or partnership interests attributable to our Group	Principal business activities
Topstar Intelligent Technology (Dongguan) Co., Ltd. (拓斯達智能科技(東莞)有限公司) ("**Topstar Intelligent Technology**"). . .	PRC	February 27, 2012	100%	Production, manufacturing, sales and delivery of automation systems
Dongguan Topstar Intelligent Environment Technology Co., Ltd. (東莞拓斯達智能環境技術有限公司) ("**Topstar Intelligent Environment (Dongguan)**")	PRC	May 21, 2018	100%	Sales, building and installation of intelligent energy and environmental projects

Name of subsidiary	Place of establishment	Date of establishment	Equity or partnership interests attributable to our Group	Principal business activities
Jiangsu Topstar Intelligent Environment Technology Co., Ltd. (江蘇拓斯達智能環境科技有限公司) ("**Topstar Intelligent Environment (Jiangsu)**") . .	PRC	June 30, 2021	100%	Sales, building and installation of intelligent energy and environmental projects
Dongguan AFMING Numerical Control Equipment Technology Co., Ltd. (東莞市埃弗米數控設備科技有限公司) ("**Dongguan AFMING**") . .	PRC	June 17, 2015	53.60%	R&D, production, manufacturing, wholesale and retail trade of CNC machine tools
Topstar Worldwide Group Limited (拓斯達環球集團有限公司) ("**Topstar (HK)**"). .	Hong Kong	November 13, 2017	100%	Wholesale and retail trade of the Group's all types of products
Topstar (Vietnam) Technology Company Limited ("**Topstar (Vietnam)**")	Vietnam	November 29, 2019	100%	Wholesale and retail trade of the Group's all types of products

For information on Dongguan AFMING and our other subsidiaries, see "— Corporate Structure" in this section and Note 1 to the Accountants' Report in Appendix I to this Document. For changes in the registered capital of our subsidiaries, see "Statutory and General Information — Further Information about Our Group — Changes in the Share Capital of Our Subsidiaries" in Appendix VII to this document.

COMPANY CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment, Early Development and Conversion into a Joint Stock Company

On June 1, 2007, the predecessor of our Company (then known as Dongguan Tuosipuda Plastic Machinery Manufacturing Co., Ltd. (東莞市拓斯普達塑膠機械製造有限公司)) was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB500,000, which was contributed as to (i) 80% by Mr. Wu, being our key founder, our Single Largest Shareholder, chairperson of the Board, executive Director and general manager; and (ii) 20% by Mr. Yang Shuangbao (楊雙保), being our former director. For the biographical details of Mr. Wu, please refer to "Directors and Senior Management" in this document. Between our establishment to November 2013, our Company underwent several rounds of capital increases, transfers and upon completion of which our registered capital increased to RMB6,397,778.

On March 24, 2014, our Company (then known as Dongguan Tuosipuda Machinery Technology Co., Ltd. (東莞市拓斯普達機械科技有限公司)) was converted from a limited liability company into a joint stock limited company and renamed as Guangdong Topstar Technology Co., Ltd. (廣東拓斯達科技股份有限公司), with a registered capital of RMB50 million divided into 50 million Shares with a par value of RMB1.00 each, which were subscribed by all of the then Shareholders in proportion to their respective equity interests in our Company. For details of the shareholding structure of our Company immediately

following our conversion into a joint stock limited company, see "Statutory and General Information — Other Information — Promoters" in Appendix VII to this document. Between our conversion into a joint stock company to November 2014, our Company underwent a round of capital increase, upon completion of which our registered capital increased to RMB54,347,827.

Prior Quotation on the NEEQ and Listing on the ChiNext Market of the Shenzhen Stock Exchange

On December 24, 2014, Shares of our Company were quoted on the NEEQ under the stock code 831535. The purpose of the quotation on the NEEQ was to improve our Company's management and corporate governance and enhance its brand awareness and competitiveness. Having considered the needs of our Group's business operations and long-term strategic development, as well as to facilitate the preparation for our A Shares' listing on the ChiNext Market of the Shenzhen Stock Exchange and subsequent equity financing, our Company voluntarily withdrew the quotation of our Shares from the NEEQ (the "**NEEQ Withdrawal"**) and our Shares ceased to be quoted on the NEEQ on January 26, 2017.

Our Directors confirm that (i) when our Shares were quoted on the NEEQ and up to the NEEQ Withdrawal, our Company had been in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and had not been subject to any material administrative penalty or administrative supervision measures by the NEEQ, the CSRC or other competent securities regulatory authorities; (ii) the NEEQ Withdrawal has fulfilled the required procedures; and (iii) there were no other matters in relation to the prior quotation on the NEEQ and the NEEQ Withdrawal in any material respect that needs to be brought to the attention of the Stock Exchange or [**REDACTED**] of our Company.

Our PRC Legal Advisor is of the view that, from the PRC legal perspective, our Company (including our subsidiaries) or our Directors (for the performance of their duties as our Directors) had not been subject to any material administrative penalty or administrative supervision measures by the NEEQ, the CSRC or other competent securities regulatory authorities during the period of our quotation on the NEEQ up to the NEEQ Withdrawal. Based on the independent due diligence conducted by the Sole Sponsor and considering our PRC Legal Advisor's view above, no material matter has come to the Sole Sponsor's attention that would reasonably cause it to disagree with our Directors' confirmation with regard to the compliance record of our Company during the period of our quotation on the NEEQ up to the NEEQ Withdrawal.

There was no change in the registered share capital and shareholding of our Company between its quotation on the NEEQ to the NEEQ Withdrawal.

In order to implement our Company's development strategies, obtain direct access to the mature capital market, enhance our R&D, production and marketing capabilities and optimize our capital structure, our Company applied for the listing of and permission to deal in the shares of our Company on the ChiNext Market of the Shenzhen Stock Exchange. On February 9, 2017, our A Shares were listed on the ChiNext Market of the Shenzhen Stock Exchange under the stock code 300607 (the "**A Share listing**"). In connection with our A Share listing, we issued an aggregate of 18,120,000 A Shares, representing approximately 25.00% of our then enlarged share capital, raising net proceeds of approximately RMB300.84 million. The shareholding structure of our Company immediately following the completion of our A Share listing was as follows:

Shareholder	Number of Shares	Percentage shareholding
Mr. Wu	29,019,700	40.05%
Mr. Yang Shuangbao[(1)]	5,966,900	8.23%
Fujian Xingzheng Strategic Venture Capital Enterprise (Limited Partnership) (福建興證戰略創業投資企業(有限合夥)) ("**Fujian Xingzheng**")[(2)]	5,000,000	6.90%
Mr. Huang Daibo[(1)]	4,622,700	6.38%
Dachen LP[(3)]	3,639,500	5.02%
Other A Shareholders[(4)]	24,219,027	33.42%
Total	**72,467,827**	**100.00%**

Notes:

(1) Each of Mr. Yang Shuangbao (楊雙保) and Mr. Huang Daibo (黃代波) is a former director of our Company.

(2) Fujian Xingzheng is a limited partnership established in the PRC on June 9, 2013, and at the time of our A Share listing, its general partner was Fujian Xingzheng Chuangfu Equity Investment Management Co., Ltd. (福建興證創富股權投資管理有限公司), which was controlled as to 90% by Industrial Securities Co., Ltd. (興業證券股份有限公司), an Independent Third Party.

(3) Dachen LP, being our employee shareholding platform, is a limited partnership established under the laws of the PRC on October 17, 2013. As of the Latest Practicable Date, Dachen LP held approximately 0.57% of our issued share capital. Yin Jianqiao (尹建橋), a former director of our Company, as the sole general partner of Dachen LP holding approximately 44.93% of its partnership interests, is responsible for the management of Dachen LP and is entitled to exercise the voting rights attached to the Shares of our Company held by Dachen LP in accordance with the partnership agreement.

As of the Latest Practicable Date, the limited partners of Dachen LP included: (i) Wu Fengyi (吳豐義), the brother of Mr. Wu and the director and chief executive in certain of our subsidiaries, holding approximately 25.23% of the partnership interests, (ii) Mr. Zhang Peng, our executive Director, holding approximately 9.16% of the partnership interests, (iii) Yang Shairu (楊曬汝), our former supervisor and a connected person of our Company at subsidiary level due to his former directorship in our subsidiary in the last 12 months, holding approximately 8.54% of the partnership interests, (iv) Mr. Wu holding approximately 7.23% of the partnership interests, and (v) Tang Bo (唐波), our former supervisor, holding approximately 4.91% of the partnership interests.

As of the Latest Practicable Date, all partnership interests reserved on Dachen LP for the purpose of equity incentives to our employees have been granted and our Company will not issue new Shares to Dachen LP after the [**REDACTED**].

(4) Other Shareholders represent Shareholders holding no more than 5% of our issued share capital upon the listing of our A Shares.

Share Capital Changes Subsequent to Our A Share Listing

Capitalization Issue

Our capital reserve was converted into paid-in capital from time to time for the purpose of dividend distribution to our Shareholders.

On May 17, 2017, our Shareholders' meeting resolved to convert our capital reserve into paid-in capital on the basis of eight new Shares for every 10 Shares, and consequently, our Company issued 57,974,261 new A Shares to our then existing Shareholders.

On May 15, 2020, our Shareholders' meeting resolved to convert our capital reserve into paid-in capital on the basis of eight new Shares for every 10 Shares, and consequently, our Company issued 118,175,469 new A Shares to our then existing Shareholders.

On May 14, 2021, our Shareholders' meeting resolved to convert our capital reserve into paid-in capital on the basis of six new Shares for every 10 Shares, and consequently, our Company issued 159,701,043 new A Shares to our then existing Shareholders.

Repurchase of A Shares and Capital Increase Relating to the A-Share Incentive Plans

For the purpose to attract, retain and motivate the employees of our Company, and to align the interests of our Company, our Shareholders and the employees of our Company, our Company adopted the 2019 share option and restricted share incentive plan (the "**2019 Share Incentive Plan**"), the 2023 restricted share incentive plan (the "**2023 Restricted Share Incentive Plan**") and the 2025 employee shareholding plan (the "**2025 Employee Shareholding Plan**").

As part of the arrangement in relation to the 2019 Share Incentive Plan, from its adoption in March 2019 to October 2023, our Company completed rounds of capital increase upon the vesting of restricted shares and repurchased and canceled restricted shares in respect of certain employees who became ineligible under the 2019 Share Incentive Plan. As of the Latest Practicable Date, there was no outstanding restricted A Shares granted under the 2019 Share Incentive Plan, and the restricted A Shares granted pursuant to the 2019 Share Incentive Plan had either been released from the restriction period and had become A Shares without restrictions on sale or been canceled. As of the Latest Practicable Date, there was no outstanding Share options under the 2019 Share Incentive Plan.

For details of the 2023 Restricted Share Incentive Plan and the 2025 Employee Shareholding Plan, see "Statutory and General Information — A-Share Incentive Plans" in Appendix VII to this document.

Secondary Public Offering of A Shares in 2019

In November 2019, our Company completed a secondary public offering of 16,065,249 new A Shares at an issue price of RMB40.46 per A Share, which was determined based on, among others, the average price of the 20 trading days prior to the pricing date, and the subscription demand of the shares by potential investors. The net proceeds of approximately RMB609.17 million raised from the secondary public offering has been fully utilized for, among others, our robotics and automated manufacturing equipment project and injection molding machine projects. Following the completion of this secondary public offering of A Shares, our registered share capital increased to RMB147,934,337 in November 2019.

Public Issuance of 2021 Convertible Bond and its Conversion and Redemption

In March 2021, our Company conducted a public issuance of convertible bonds (the "**2021 Convertible Bonds**") in the principal amount of RMB670 million with a maturity period of six years to fund, among others, the projects for the R&D and industrialization of comprehensive smart manufacturing solutions. The 2021 Convertible Bonds were listed on the Shenzhen Stock Exchange (bond code: 123101) with an initial conversion price of RMB42.25 per Share (subject to adjustment under the terms of issue) and were convertible from the first trading day (i.e. September 16, 2021) after six months from the completion date of the issuance of the 2021 Convertible Bonds (i.e. March 16, 2021) to the maturity date of the 2021 Convertible Bonds (i.e. March 9, 2027). The initial conversion price of the 2021 Convertible Bonds was determined having regard to, among others, the average trading price of the Shares prior to the date of the offering circular of the 2021 Convertible Bonds.

On November 25, 2024, the Board resolved to exercise our Company's redemption right under the 2021 Convertible Bonds, and all outstanding 2021 Convertible Bonds were redeemed, ceased to be convertible and were then delisted from the Shenzhen Stock Exchange on December 25, 2024. As of the close of trading on 16 December 2024, a total of 52,151,731 A Shares were issued upon conversion and our Company's registered share capital was increased to RMB476,972,412.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE [REDACTED]

Our A Share Listing and A Share Regulatory Non-compliance Incidents

Since February 9, 2017, our A Shares have been listed on the ChiNext Market of the Shenzhen Stock Exchange with the stock code of 300607.

On December 24, 2021, our chairperson and president, Mr. Wu Fengli (吳豐禮) ("**Mr. Wu**"), received a regulatory letter from the Shenzhen Stock Exchange, and on January 30, 2022, Mr. Wu and Mr. Zhang Peng (張朋) (in his capacity as our Director) received a warning letter from the Guangdong Regulatory Bureau of the CSRC (中國證券監督管理委員會廣東監管局) (the "**CSRC Guangdong Bureau**"), in relation to their short-term trading within six months after purchase of the 2021 Convertible Bonds (the "**2021 Incident**"). For details of 2021 Incident, see "Directors and Senior Management — Further Information about our Directors and Senior Management" in this document.

On August 2, 2022, our Company received a regulatory letter from the Shenzhen Stock Exchange in relation to the use of idle funds raised from the secondary public offering of A Shares in 2019 and the public issuance of 2021 Convertible Bond for cash management (namely, the purchase of structured deposits) in excess of the time and amount limits approved by the then Board, respectively (the "**2022 Incident**"). Specifically, our Group (i) reinvested RMB289 million in structured deposit products from December 2020 to March 2021 notwithstanding that the relevant board authorization had expired in November 2020; and (ii) exceeded the authorized cash management limit, entering into 13 structured deposit transactions aggregating approximately RMB130 million in principal amount. The 2022 Incident resulted from the negligence of individual employees: (i) the employee responsible for reviews failed to note the expiry of the authorization; and (ii) the employees responsible for reviews mistakenly classified the transactions as bank deposits rather than cash management products, thereby exceeding their actual scope of authorization.

Our Board became aware of such incidents during the regular internal reviews. Immediately upon becoming aware of the 2022 Incident, our Company has taken rectification measures including redeeming the aforementioned structured deposits upon maturity and arranging training sessions for departments of securities and finance to reinforce their knowledge of securities laws and regulations. Our Company is of the view that the 2022 Incident did not involve any fraudulent or dishonest conduct on the part of our Directors, nor did it reflect any issue affecting the suitability or competence of our Directors. Having considered the nature of the 2022 Incident, the rectification measures taken by our Company and the subsequent enhancement of our internal control procedures, our Company is of the view that the 2022 Incident does not have any material adverse impact on the adequacy and effectiveness of our internal control system. As advised by our PRC Legal Advisor, the regulatory letter issued by the Shenzhen Stock Exchange does not constitute an administrative penalty under the PRC laws, regulations or rules and is not regarded as a material non-compliance.

On December 30, 2025, our Company and responsible personnels received a warning letter from the Guangdong Regulatory Bureau of the CSRC (中國證券監督管理委員會廣東監管局) (the "**CSRC Guangdong Bureau**"), identifying several accounting and disclosure-related issues (the "**Incidents Concerned**"). Our Company also received a relevant regulatory letter from the Shenzhen Stock Exchange in relation to the Incidents Concerned on the same date. Details of the Incidents Concerned are set out as follows.

(i) Inaccurate timing in recognizing certain operating revenue in 2023 and 2024

In respect of the supply of goods to a customer, our Company recognised revenue of RMB7,968,600 in the financial year of 2023 before the customer had obtained control of the goods and before the relevant conditions for revenue recognition had been met as at the end of 2023. As a result, revenue and profit for the financial year of 2023 were overstated by RMB7,968,600 and RMB2,382,900, respectively, and revenue and profit for the financial year of 2024 were correspondingly understated by the same amounts.

(ii) Inaccurate timing in recognizing certain costs in 2023 and 2024

Of the costs recognized by our Company in its books for the financial year of 2024, RMB4,036,900 related to work that was completed in 2023 and should have been recognized as costs for the financial year of 2023. As a result, costs for the financial year of 2023 were understated and profit for that year was overstated by RMB4,036,900, while costs for the financial year of 2024 were overstated and profit for that year was understated by the same amount.

(iii) Inappropriate provision for bad debts on certain accounts receivable in 2023 and 2024

In 2024, when assessing the impairment of accounts receivable due from a customer, our Company did not fully take into account the ownership of funds subject to litigation preservation measures, resulting in an understatement of the provision for bad debts of RMB1,130,100 for the financial year of 2024. In addition, in 2023, our Company applied different bad debt provision policies and rates to the accounts receivable and contract assets relating to the same project for that customer.

(iv) Inappropriate use of funds raised from the public issuance of 2021 Convertible Bond

The document for the public issuance of the 2021 Convertible Bond disclosed that only RMB22,500,000 of pre-investment would be replaced with the proceeds from the issuance. This was inconsistent with the pre-investment amount of RMB23,199,127.60 subsequently resolved by the Board of Directors and actually replaced, with the difference of RMB699,127.60 mainly attributable to design fees, construction payments and other related expenses.

(v) Deficiencies in the management of inside information

The registration of insiders for our Company's 2023 and 2024 annual reports was incomplete, and the records relating to inside information were not properly maintained. In August 2023, when our Company prepared a memorandum on the progress of a material matter involving inside information, the relevant personnel were registered as insiders and reported to the Shenzhen Stock Exchange, but such personnel did not sign to confirm on the memorandum. In 2024, there were inconsistencies between the time at which certain insiders were recorded in the memorandum on the progress of a material matter as having became aware of inside information and the corresponding records submitted to the Shenzhen Stock Exchange, and the names of certain individuals in those records did not correspond to the actual insiders. Such non-compliance matter did not involve any monetary amount, and no monetary fine or other penalty was imposed on our Group or any of our Directors as a result of that.

The Incidents Concerned were primarily attributable to the inadvertent oversight of the responsible personnels of our Group. Following the warning letter and the regulatory letter, to fully remedy the Incidents Concerned, we implemented comprehensive remedial and enhancement measures to prevent the recurrence of similar incidents. For accounting deficiencies in the Group's financial statements for 2023 and 2024, we have implemented the following rectification measures:

(i) refining our internal accounting policies and revenue and cost recognition procedures, including clarifying the responsibilities of relevant departments and personnel in collecting, reviewing and recording accounting information, and specifying the approval and review requirements for key accounting treatments;

(ii) upgrading the CRM information management system to improve the accuracy, completeness and traceability of business data used for financial reporting, to reduce the risk of human errors;

(iii) strengthening coordination between the business and finance departments, clarifying the control principles and responsibilities at each stage of cost accounting, and ensuring that the finance department can obtain relevant cost accounting information on a timely basis, so as to prevent accounting discrepancies from the source;

(iv) enhancing the finance department's internal review and reconciliation procedures, including conducting regular reconciliations between business records, CRM system records and accounting records, requiring follow-up review and correction of any discrepancies identified, optimizing the control mechanism for asset impairment assessment under special circumstances, and establishing a joint review mechanism among the finance, legal and business departments for litigation matters, so as to ensure that impairment provisions, potential bad debt losses and provisions arising from litigation matters are properly assessed, supported and accurately recorded; and

(v) providing targeted training sessions to the business and finance teams on accounting practices, revenue and cost recognition requirements, financial reporting procedures and relevant regulatory requirements, with a view to improving the responsible personnel's understanding of accounting standards and internal reporting obligations.

For improper use of funds, we have implemented the following rectification measures:

(i) redeeming all deposit products concerned and ensuring that the relevant funds were returned to the designated accounts in accordance with the applicable requirements on the management of raised funds;

(ii) holding Board meetings in March and August 2021, respectively, to address the relevant breaches by re-granting the relevant Board authorizations and confirming the scope, amount, term and use of idle raised funds for cash management;

(iii) strengthening the internal approval and monitoring procedures for the use of raised funds, including requiring prior review by the finance department and the Board office before any cash management arrangement is entered into, and establishing a mechanism to monitor the approved amount, investment term, maturity date and redemption status of cash management products;

(iv) enhancing the management of designated accounts for raised funds and requiring regular checks on the use and balance of raised funds to ensure that any use of such funds is within the scope and limits approved by the Board and disclosed to the public; and

(v) providing internal training sessions on securities laws, information disclosure requirements and the Group's policies on the management of raised funds to Directors, senior management and relevant personnel from the finance department and Board office.

For deficiencies in the management of inside information, we have implemented the following rectification measures:

(i) refining the workflow of inside information management by clarifying the identification, reporting, registration, review and disclosure procedures for inside information, and specifying the responsibilities of relevant departments and personnel in each step of the process;

(ii) enhancing the internal review mechanism of the securities affairs department of the Company, strictly implementing review and cross-checking procedures, and further clarifying and optimizing relevant job responsibilities and work processes, so as to reduce the risk of individual human error or omission;

(iii) improving the inside information registration mechanism by requiring timely recording of the relevant matter, persons informed, circulation scope, time of awareness, approval status and confidentiality measures, and maintaining proper records for subsequent review;

(iv) strengthening confidentiality management before public disclosure, including reminding relevant personnel of their confidentiality obligations and limiting the circulation of inside information to personnel with a genuine need to know; and

(v) providing training on inside information management, securities law requirements and information disclosure obligations to Directors, senior management and relevant employees to strengthen their compliance awareness.

We have submitted a written rectification report to the CSRC Guangdong Bureau in relation to the Incidents Concerned, the contents of which have been published on the website of the Shenzhen Stock Exchange on January 14, 2026. The rectification report sets out the previously identified deficiencies relating to the Incidents Concerned and the remedial measures implemented by us, which have been summarized above.

We have assessed the impact of the Incidents Concerned and concluded that the Incidents Concerned were immaterial to our consolidated financial statements as a whole and did not affect the understanding of our operations and results as presented in the published annual reports and the Accountants' Report. As advised by our PRC Legal Advisor, each of the regulatory letter and the warning letter issued by the relevant authorities does not constitute an administrative penalty under the PRC laws, regulations or rules and is not regarded as a material non-compliance.

As of the Latest Practicable Date, our Directors confirmed that we had no instances of non-compliance with all applicable [**REDACTED**] rules and securities laws and regulations in any material respects during the Track Record Period and up to the Latest Practicable Date, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**]'s attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that, (i) during the Track Record Period and up to the Latest Practicable Date, there had been no instances of non-compliance of our Group with the rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations in any material respects and (ii) our Company has complied with all laws and regulations, in all material respects, applicable to the A Share Listing throughout the two full financial years immediately preceding the new [**REDACTED**] application and up to the Latest Practicable Date. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause it to disagree with the Directors' confirmation with regard to the compliance records of our Company on the Shenzhen Stock Exchange.

Our Directors and the Sole Sponsor are of the view that the Incidents should not be considered material non-compliance for the following reasons:

(i) The Incidents are non-systemic and case-based in nature, with no continuing or recurring pattern;

(ii) The Incidents were inadvertent in nature and did not involve any dishonesty, fraud, or deliberate misconduct on the part of the Group or any of the Directors;

(iii) The Sole Sponsors is of the view that the Incidents have no material adverse impact on the Group's normal business operations or financial condition, because the Incidents are unrelated to the Group's principal business activities, and did not result in any loss of any material customers or revocation of any material business licences, permits, or qualifications. Furthermore, the Group's liquidity, solvency, and going concern status have not been materially affected;

(iv) As advised by the PRC Legal Advisor of the Company, the Incidents shall not be regarded as material non-compliance. The warning and regulatory letters do not constitute administrative penalties under applicable PRC laws, regulations, or rules, and the likelihood of further enforcement action by the CSRC Guangdong Bureau or the SZSE is remote;

(v) The Group has implemented rectification measures, such as enhanced internal control policies, which our Internal Control Consultant considered adequate and effective. The Group has also conducted training sessions across the relevant departments, and employees of the Group have developed heightened awareness of the applicable laws and regulations;

(vi) Up to the Latest Practicable Date, our Directors have confirmed that our Group has not been accused of any material breach of applicable laws and regulations other than the Incidents as disclosed above.

Our Directors and the Sole Sponsor are further of the view that the Incidents will not affect our Directors' suitability under Rules 3.08 and 3.09 for the following reasons:

(i) The occurrence of the short-term trading by Mr. Wu and Mr. Zhang was solely due to their misunderstanding of the rules and regulations regarding the calculation of the six-month restriction period, and did not involve any dishonesty or fraud on the part of Mr. Wu and Mr. Zhang or impugn their integrity or competence, nor was any insider trading involved;

(ii) The occurrence of the other Incidents was mainly due to the negligence of individual employees and did not involve any negligence, dishonesty or fraud on the part of our Directors. The Sponsor's due diligence indicates an overall consistent record of compliance by our Directors with applicable laws and regulations;

(iii) As advised by the PRC Legal Advisor of the Company, under applicable PRC laws and regulations, our Directors will not be disqualified to serve as Directors as a result of the Incidents;

(iv) Subsequent to the Incidents, our Directors are minded and alert to any issues that might result in any non-compliance, and there are in place related measures for preventing the recurrence of non-compliance, and such measures are considered adequate and effective by the Internal Control Consultant;

(v) Following the training sessions provided to our Directors, our Directors are fully aware of the requirements and obligations as directors of a [**REDACTED**] issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations; and

(vi) Since the implementation of the rectification measures and up to the Latest Practicable Date, our Directors confirmed that they had not been accused of any material breach of applicable laws and regulations other than the Incidents as disclosed above.

Our Directors and the Sole Sponsor are of the view that the Incidents will not affect the Company's suitability for [**REDACTED**] under Rule 8.04, having regard to the factors explained above, including the non-material and non-systemic nature of the Incidents, the absence of intentional wrongdoing and the lack of basis to impugn the Directors' integrity, the lack of material adverse impact on the Company's business operations and financial condition, and the effectiveness of the rectification measures. In addition, the Company has been listed on the SZSE since 2017 with no other material non-compliances. Its near-decade listing status on the SZSE since 2017 demonstrates a sustained track record of regulatory compliance and ongoing business operations under public market scrutiny.

Reasons for the H Share [REDACTED]

We seek to [**REDACTED**] our H Shares on the Stock Exchange to raise additional capital for technical R&D and product development, and business growth and expansion, diversify our fundraising channels, reinforce our industry standing, enhance global brand awareness and competitiveness and optimize our capital structure and Shareholder composition to support sustainable development and governance. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" in this document for more details.

PUBLIC FLOAT

Rule 19A.13A(2) of the Listing Rules requires that there must be an open market in the securities for which [**REDACTED**] is sought. Where a new applicant is a PRC issuer with other listed shares at the time of [**REDACTED**], this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the public, at the time of [**REDACTED**], must: (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

So far as our Directors are aware, all [**REDACTED**] H Shares to be [**REDACTED**] pursuant to the [**REDACTED**], representing approximately [**REDACTED**]% of our total issued share capital immediately upon the [**REDACTED**] (excluding the 2,342,668 A Shares held by our Company as Treasury Shares assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), will be counted towards the public float for the purpose of Rule 19A.13A(2) of the Listing Rules at the time of the [**REDACTED**], which is higher than the prescribed percentage of H Shares required to be held in public hands of 10% under Rule 19A.13A(2)(a) of the Listing Rules. Accordingly, at the time of the [**REDACTED**], we will be able to satisfy and maintain a sufficient public float as required under Rule 19A.13A(2) of the Listing Rules where at least 10% of our Company's total number of issued shares (excluding treasury Shares) will be held by the public.

FREE FLOAT

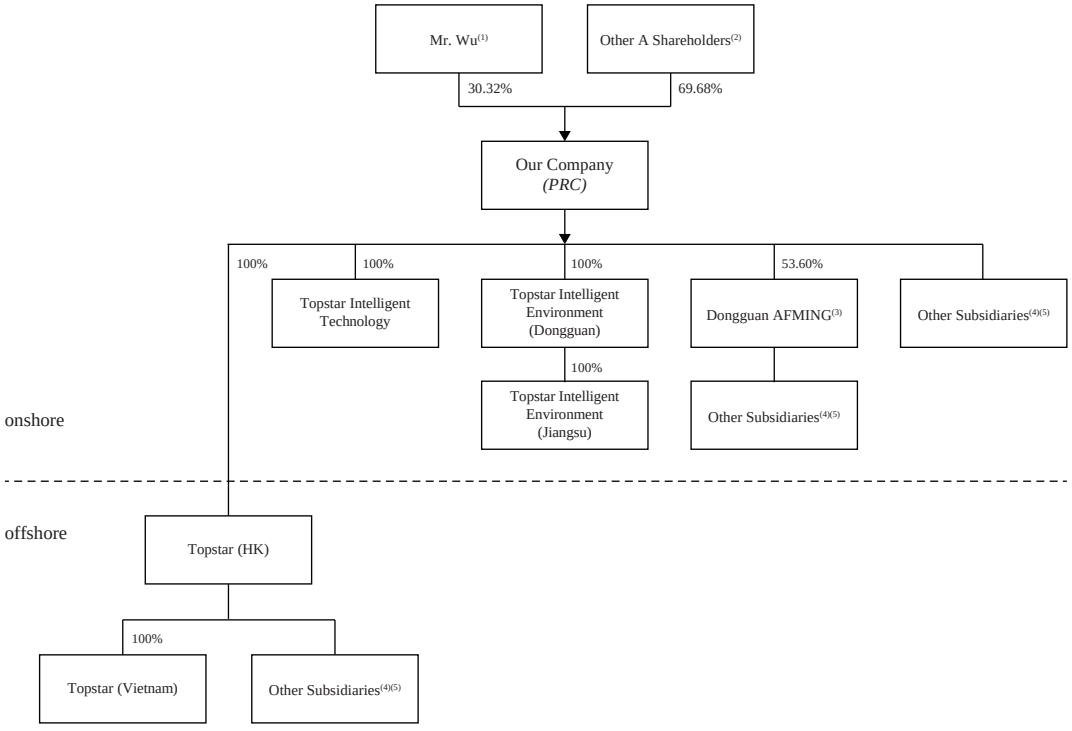
Under Rule 19A.13C(2) of the Listing Rules, a PRC issuer with other listed shares at the time of [**REDACTED**] must ensure that the portion of H shares for which [**REDACTED**] is sought that are held by the public and that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of [**REDACTED**] (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$50,000,000, or (b) have an expected market capitalization of not less than HK$600,000,000.

Based on an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the low-end of the indicative [**REDACTED**], our Company will satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart illustrates a simplified shareholding structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming no changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]):



Notes:

(1) Mr. Wu is our Single Largest Shareholder, chairperson of our Board, executive Director and general manager. For further details, see "Relationship with Our Single Largest Shareholder" in this document.

(2) None of such A Shareholders held more than 5% interests in our Company as of the Latest Practicable Date.

(3) As of the Latest Practicable Date, Dongguan AFMING was held as to approximately 53.60% by our Company, approximately 31.86% by Huang Yongsheng (黃永生) (a connected person of our Company at subsidiary level due to his directorship and shareholding in certain of our subsidiaries), approximately 4.32% by Yang Zijian (楊子健) (the supervisor of our certain subsidiary), approximately 2.16% by Feng Shun (馮順) (the supervisor of our certain subsidiary), and approximately 8.06% by three employee shareholding platforms at subsidiary level, including (i) approximately 3.28% by Ruichang Tuochen Enterprise Management Center (Limited Partnership) (瑞昌拓晨企業管理中心(有限合夥)), which was managed by its general partner Mr. Zhou Yongchong, our executive Director, and was held by Wu Fengyi (吳豐義, the brother of Mr. Wu and the director and chief executive of our certain subsidiaries), Mr. Zhou Yongchong, Mr. Zhang Peng, Mr. Lan Haitao, Dr. Wang Zhicheng and Mr. Huang Jing, each being our executive Director, as to approximately 41.68%, 6.40%, 6.40%, 4.00%, 1.60% and 1.60%, respectively, and Liu Shaojie (劉少傑, a connected person of our Company at subsidiary level by virtue of his being the director and chief executive of our certain subsidiary) as to approximately 2.16%, with none of its other limited partners (each being a current or former employee of our Group and an Independent Third Party) holding more than 30% of its partnership interests, (ii) approximately 2.62% by Ruichang Aihe Enterprise Management Center (Limited Partnership) (瑞昌埃合企業管理中心(有限合夥)), which was managed by its general partner Tang Manli (唐滿莉) (an employee of our Group and an Independent Third Party) and was held by Huang Yongsheng (黃永生) as to approximately 52.43% of its partnership interests, with none of its other limited partners (each being an employee of our Group and an Independent Third Party) holding more than 30% of its partnership interests, and (iii) approximately 2.16% of Ruichang Aizhong Enterprise Management Center (Limited Partnership) (瑞昌埃眾企業管理中心(有限合夥)), which was managed by its general partner Chen Weifeng (陳衛鋒) (an employee of our Group and an Independent Third Party) and was held by Huang Yongsheng (黃永生) as to approximately 4.73% of its partnership interests, with none of its other limited partners (each being an employee of our Group and an Independent Third Party) holding more than 30% of its partnership interests.

Prior to the acquisition of Dongguan AFMING, Dongguan AFMING's principal business encompassed the independent research, development, production and sale of five-axis CNC machine tools, graphite machining centers, high-speed machining centers, grinding machines, and other industrial mother machine CNC machine tools. It possessed core proprietary technologies for its five-axis CNC machine tools, aiming to establish a domestic high-end brand capable of replacing imported products and serve leading enterprises across high-end manufacturing sectors, including aerospace, automotive, medical equipment, precision molds and mechanical component machining. In 2021, we completed the acquisition of Dongguan AFMING, extending our product portfolio to metal processing through the high-end CNC machining center.

(4) As of the Latest Practicable Date, our other subsidiaries consist of 23 subsidiaries established in various jurisdictions. For information on our other subsidiaries, see Note 1 to the Accountants' Report in Appendix I to this Document.

(5) Among the other 23 subsidiaries, there are 14 wholly-owned subsidiaries and 9 non wholly-owned subsidiaries. Details of such non wholly-owned subsidiaries as of the Latest Practicable Date are set out below:

(i) Dongguan Tuosi Beida Energy Saving Technology Co., Ltd. (東莞拓斯倍達節能科技有限公司, "**Dongguan Tuosi Beida**") was held as to 70% by Dongguan Topstar Technology Co., Ltd. (東莞拓斯達技術有限公司, "**Dongguan Topstar Technology**", formerly known as Dongguan Topstar Equity Investment Co., Ltd.(東莞拓斯達股權投資有限公司)), a wholly-owned subsidiary of our Company, and 30% by He Yuchuan (賀玉川), a supervisor of Dongguan Tuosi Beida.

(ii) Dongguan Topstar Intelligent Clean Technology Co., Ltd. (東莞市拓斯達智能潔淨技術有限公司, "**Topstar Intelligent Clean**") was held as to 55% by Dongguan Topstar Technology, 20% by Yang Jing (楊靖) (the director of Topstar Intelligent Clean and Dongguan Topstar Intelligent System Technology Co., Ltd. (東莞拓斯達智能系統技術有限公司)), 10% by Yang Xiaohong (楊小紅) (an Independent Third Party), 10% by Wang Jiankai (王建開) (the supervisor of Topstar Intelligent Clean), 2.5% and 2.5% by Mao Zhiyuan (毛志遠) and Mao Lingyun (毛淩雲), respectively, each an Independent Third Party.

(iii) Dongguan Topstar Intelligent System Technology Co., Ltd. (東莞拓斯達智能系統技術有限公司, "**Topstar Intelligent System**", formerly known as Hezhong Jingyi Technology (Guangdong) Co., Ltd. (和崇精一科技(廣東)有限公司)) was held as to 80% by Dongguan Topstar Technology and 20% by Yang Jing (楊靖) (the director of Topstar Intelligent System and Topstar Intelligent Clean).

(iv) Matrix Intelligent Control Technology (Dongguan) Co Ltd. (矩陣智控技術(東莞)有限公司) was held as to 70% by Dongguan Topstar Technology and 30% by Dongguan Chentuo Zhimi Enterprise Management Center (Limited Partnership) (東莞市晨拓智米企業管理中心(有限合夥)), which was managed by its general partner Mr. Zhang Peng, our executive Director, and was held by Mr. Zhang Peng and Mr. Huang Jing, each being our executive Director, as to 70% and 30%, respectively.

(v) Thai Top Star Technology Co., Ltd., a company incorporated in Thailand, was held as to 49% by Topstar Tech Pte. Ltd. ("**Topstar (Singapore)**"), a wholly-owned subsidiary of Topstar (HK), and 27% and 24% by two Thailand individuals, respectively, each being an Independent Third Party.

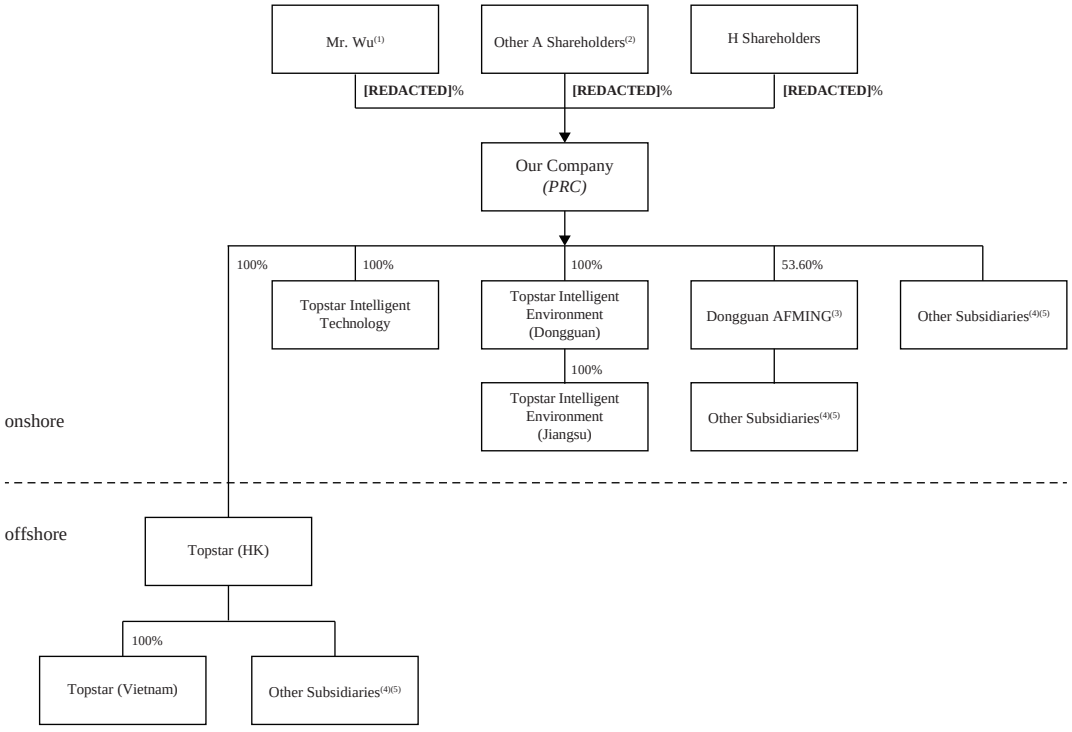
(vi) PT Topstar Indonesia Technology, a company incorporated in Indonesia, was held as to approximately 10.00% by Topstar (Singapore), approximately 57.00% by Topstar (HK) and approximately 33.00% by PT BERKAH SINERGI REKAYASA, a company incorporated under the laws of Indonesia.

(vii) Dongguan AFMING Precision CNC Machine Tool Co., Ltd. (東莞市埃弗米精密數控機床有限公司) and Everson (Beijing) Software Technology Co., Ltd. (埃弗生(北京)軟件技術有限公司), each being a company incorporated in the PRC, were wholly-owned subsidiaries of Dongguan AFMING.

(viii) Guangdong Matrix Zhituo Technology Co., Ltd. (廣東矩陣智拓科技有限公司) was held as to 51% by our Company, 30% by Knowledge Atlas Technology Joint Stock Company Limited (北京智譜華章科技股份有限公司) ("**Knowledge Atlas**"), an AI company in China, dedicated to developing general-purpose large models and listed on the Hong Kong Stock Exchange (stock code: 2513), 10% by Hainan Hezun Investment Co., Ltd. (海南何尊投資有限公司), which was owned by Wang Yihan (王一涵) and Fu Bo (付波), each being an Independent Third Party, as to 99% and 1%, respectively, and 9% by Dongguan Tuopusi Enterprise Management Center (東莞市拓譜思企業管理中心), our employee shareholding platform at subsidiary level, which was managed by its general manager Mr. Huang Jing (our executive director) and was held by Mr. Huang Jing and Wang Qi (王琪) (an employee of our Group and an Independent Third Party) as to 50% and 50%, respectively. This collaboration with Knowledge Atlas aims to leverage its expertise in self-developed GLM large models and the field of agentic GLM to co-develop embodied AI robots.

Corporate Structure Immediately After the [REDACTED]

The following chart illustrates a simplified shareholding structure of our Group immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]):



Notes:

(1) - (5) Please see "Corporate Structure — Corporate Structure Immediately Before the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

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, 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). Backed by nearly two decades of experience in the intelligent manufacturing sector, we have established our expertise in injection molding equipment and CNC machining centers, being the primary processing equipment for both fundamental materials for industrial applications, plastics and metals, respectively. In order to fulfill our mission of making industrial manufacturing better, we are actively exploring overseas markets such as Southeast Asia and Mexico, which align with the outbound pace of Chinese manufacturing.

Our broad downstream customer base, spanning domestic and overseas markets, offers multiple potential application scenarios for the deployment of our robotic products, which would also serve as a rich real-world data source for us to refine our process expertise and continuously enhance the generalization capabilities of our AI models. We enjoy the synergies among the scenarios, robots, data and AI in our business operations:

- ***Scenario:*** We leverage our experience in injection molding and CNC machining to identify high-value industrial application scenarios. These real-world production environments define the functional requirements for our products.
- ***Robot:*** Based on these defined scenarios, we have developed a comprehensive industrial robot portfolio ranging from Cartesian and multi-joint robots to collaborative robots (including modular sensing joints) and humanoid robots.
- ***Data:*** Through the deployment of our robots, we aim to utilize multi-sensor fusion technologies (including spatial, visual and force sensing) to capture high-quality data from real-world operations.
- ***AI:*** We will then use the data to continuously train and iteratively upgrade our AI models, thereby strengthening our competitive position for expanding to broader industrial applications and, ultimately, to all commercial scenarios.

Our Overseas Markets

Beyond Chinese Mainland, we have expanded our business to selected overseas markets. During the Track Record Period, we had sales to overseas customers including customers from Vietnam and Indonesia, among other countries. Our overseas revenue was principally derived from sales of products and solutions across our industrial robots and automation systems, injection molding equipment, and intelligent energy and environmental projects. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, revenue generated from our overseas sales accounted for 11.0%, 20.9%, 26.3%, 11.9% and 26.6% of our total revenue, respectively, demonstrating strong growth momentum. Going forward, we intend to sustain our global expansion efforts and capitalize on the business opportunities in international markets.

Our Business

Our business is primarily centered on industrial robots and automation systems and supported by high-end 5-axis linkage CNC machining centers and injection molding equipment. We also provide intelligent energy and environmental projects in addition to our core businesses.

Industrial Robots and Automation Systems

We have developed a comprehensive product portfolio comprising Cartesian robots, multi-joint robots and embodied AI robots. In addition, we provide integrated automation solutions anchored by our industrial robots and equipped with ancillary devices such as vision systems and sensors. Our industrial robots and automation systems are widely used in various industries, including consumer electronics, automotive components, household appliances, household chemical products, packaging, toy manufacturing and medical devices. Our customer base covers substantially all of the top five consumer electronics manufacturers in 2024 in Chinese Mainland, according to Frost & Sullivan.

We have expanded our offerings into embodied AI. We launched the first intelligent humanoid robot in Chinese Mainland, deployed in injection molding production scenarios, and our quadruped robots "Xingzai" (星仔) are capable of performing multiple tasks across different application scenarios, including autonomous patrolling and inspection, firefighting operations in forests and specialized operations in complex environments. Moreover, we have launched flexible sorting and loading workstations, embodied AI palletizing workstations and AI-driven creative block assembly workstations, continuously expanding the deployment of embodied AI in industrial applications. For details, see "— Our Products and Solutions — Industrial Robots and Automation Systems."

CNC Machining Centers

Our 5-axis linkage CNC machining centers are designed to process components to facilitate multi-process integrated machining, delivering enhanced processing efficiency and precision and providing advantages in the machining of complex metal components for humanoid robots, such as structural parts, joint components, housings and other critical mechanical parts. Our 5-axis linkage CNC machining centers are widely applied in metal processing scenarios across industries such as civil aviation, automotive, humanoid robots, semiconductors, and low-altitude aircraft.

Injection Molding Equipment

Our injection molding equipment portfolio includes injection molding machines and auxiliary equipment such as three-in-one auxiliary units, mold temperature controllers and automatic feeding systems, which together form a comprehensive turnkey plastic injection molding plant solutions. Such solutions are widely applied in plastic injection molding scenarios across industries such as consumer electronics, automotive components, household appliances, household chemical products, packaging, toy manufacturing and medical devices.

Intelligent Energy and Environmental Projects

During the Track Record Period, a significant portion of our revenue was generated from our intelligent energy and environmental projects. Under this business, we primarily provide two types of services: (i) injection molding-related electromechanical engineering services, which primarily involve utilities installation such as water, electricity and compressed air systems, designed to support injection molding production environments; and (ii) non-injection molding electromechanical engineering services, which include cleanroom construction, ventilation systems and large-scale integrated electromechanical engineering projects for broader industrial applications. Unlike our other product offerings, our intelligent energy and environmental projects business is more project-oriented in nature, relying on field implementation with limited scalability. In line with our strategic focus on our core businesses, we have primarily scaled down the non-injection molding electromechanical engineering services during the Track Record Period, as such services are more project-based in nature, involve broader engineering scope and do not align with our core product-oriented business model, and have phased down most of this non-core service in the first half of 2026. Our injection molding-related electromechanical engineering services, which are more closely connected with our injection molding equipment business, continue to be maintained but on a selective basis. In selecting projects under this sub-segment, we primarily consider: (i) in relation to projects for new customers, whether the project would facilitate the introduction of our injection molding equipment products and generate synergies with our other product offerings; and (ii) in relation to projects for existing customers, whether the project would

enhance customer loyalty and satisfaction. We also generally require the project to meet our internal profitability thresholds and contract size parameters.

We expect to substantially complete the scale-down of non-injection molding electromechanical engineering services by the end of 2026. Following the scale-down, we will operate the services under an agency model by engaging Suzhou Boyi Intelligent Technology Co., Ltd. and Dongguan Junye Green Energy Environmental Technology Co., Ltd., each an associate of Mr. Huang Daibo, our former executive Director previously responsible for this business, to undertake the relevant works pursuant to the Green Energy Projects Master Framework Agreement. Under this arrangement, we act as an agent and receive a service fee calculated at approximately 3% of the relevant contract amount, which is recognized as revenue on a net basis. Based on the applicable annual caps, the maximum annual revenue contribution from this business line is expected to be approximately RMB15.0 million going forward. For details, see "Continuing Connected Transactions." As of March 31, 2026, we had completed, in a prudent and orderly manner, the reallocation of the approximately 100 personnel previously associated with this business line who were no longer required, and the related office properties are expected to be redeployed, including for leasing to third parties. The financial impact of the scale-down will be gradually reflected with the revenue generated from this business line continuing to decrease in 2026. Since the gross profit margin of this business line was relatively low and volatile during the Track Record Period, the reduced contribution from this business line is expected to improve and stabilize our gross profit margin, which would better reflect the profitability of our core business lines going forward. We also expect the trend of our net income to be consistent with that of our gross profit, as we do not expect to incur operational expenses under the agency model. This business line operates independently from our other core business segments and is not materially related to them in terms of operations, technology or customer base, and accordingly, we do not expect the scale-down to have a material adverse impact on our other business segments.

Our Technical Strength and Product Competitiveness

In the embodied AI era, large models, control systems, and mechanical structures and drives constitute the "brain," "cerebellum" and "body" of a robot, respectively. The "cerebellum" facilitates the connection of digital and physical worlds, while the "brain" and "body" adapt to increasingly diverse application scenarios through continuous iteration.

Leveraging over a decade of experience in the robotics sector, we have accumulated extensive expertise in underlying technologies, such as controllers and servo drives as well as core algorithms and overall system design, providing critical technical support for high-precision operations in our robots. We have achieved breakthroughs in core algorithms, including multi-stage filtering and suppression, multi-axis synchronous control and compliant control, supporting the body resilience and flexibility of our robots. Moreover, building on years of accumulated capabilities in control technology and hardware-software integration, we launched our self-developed, open and compatible X5 Robot Control System, which performs real-time motion control enabling instant responses to real-world requests. We also established Guangdong Matrix Zhituo Technology Co., Ltd. (廣東矩陣智拓科技有限公司) with Knowledge Atlas Technology Joint Stock Company Limited (北京智譜華章科技股份有限公司) to jointly conduct R&D aimed at enhancing robot interaction capabilities, environmental and task adaptability and autonomous decision-making.

With nearly 20 years of experience in the manufacturing sector, we have developed robotic products that embed numerous mature process application solutions covering production stages such as palletizing, handling, assembly, embedding and pad/UV printing in a wide array of light industrial sectors, including consumer electronics, automotive components, home appliances, household chemical products, packaging, toy manufacturing and medical devices. These application solutions serve as detailed operational blueprints. In addition, real industrial scenarios are a valuable potential source of high-quality training datasets. We intend to continue deepening our presence in various process application fields, integrating data chains across different scenarios and enhancing the generalization capabilities of our AI models.

As of March 31, 2026, we held 262 invention patents and 361 utility model patents, and 90 software copyrights in Chinese Mainland. As of March 31, 2026, our R&D team consisted

of 803 personnel, representing 37.8% of our total workforce. We have established talent and research platforms, including a Guangdong Provincial Key Laboratory, a Guangdong Provincial Engineering Technology Research Center and a Guangdong Provincial Doctoral Workstation. In 2025, we launched our new global R&D headquarters, which houses multiple high-standard laboratories such as an embodied AI laboratory, an environmental reliability laboratory and an electromagnetic compatibility laboratory, providing technical support for product innovation.

Our Financial Performance

We have maintained healthy operating cash flows. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our net cash generated from operating activities was RMB277.4 million, RMB131.8 million and RMB428.3 million, and our net cash used in operating activities was RMB59.3 million and RMB129.8 million, respectively.

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. In addition, our CNC machining centers business lines are demonstrating strong competitiveness and are expected to continue contributing to our business development and revenue.

COMPETITIVE STRENGTHS

Two fundamental Automated Manufacturing Equipment Lines as Customer-Growth Engines Driving Global Leading Customer Coverage and Operations

Our business is primarily centered on industrial robots and automation systems and supported by our two industry-leading automated manufacturing equipment business lines, namely our (i) injection molding equipment and (ii) CNC machining centers, which unlocks a vast customer base to support the adoption of our industrial robots and automation systems.

- ***Injection Molding Equipment:*** According to Frost & Sullivan, we ranked first in Chinese Mainland in terms of revenue of injection molding auxiliary equipment in 2025. Moreover, we are capable of providing turnkey solutions for customers, allowing us to cultivate deep customer loyalty and achieve prominent industry position.
- ***CNC Machining Centers:*** According to Frost & Sullivan, we ranked ninth among domestic manufacturers in terms of revenue of 5-axis linkage CNC machining centers in 2025 in Chinese Mainland. Through Dongguan AFMING, we have successfully mastered core proprietary technologies in CNC Machining Centers, such as high-rigidity spindles and GTRT gear-driven turntables, breaking international technological monopolies, enabling our expansion into high-end manufacturing sectors, including civil aviation, automotive, humanoid robots, semiconductors, and low-altitude aircraft.

Leveraging our industry-leading positions in injection molding equipment and high-end CNC machining centers, as of March 31, 2026, our CRM system has registered over 200 thousand potential customers, including four thousand overseas potential customers, serving more than 15 thousand customers cumulatively. Our global customer base includes both domestic and overseas industry leaders from consumer electronics, automotive components, home appliances, household chemical products, packaging, toy manufacturing and medical devices. We will continue to seize incremental opportunities in overseas markets with localized operational and service capabilities supported by our Vietnam operation bases.

Our international expansion has demonstrated sustained growth potential. In 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, our revenue generated from overseas markets accounted for 11.0%, 20.9%, 26.3%, 11.9% and 26.6% of our total revenue, respectively. Notably, the gross profit margin of our core businesses, including our industrial robots and automation systems, injection molding equipment and CNC machining centers, in overseas markets was 42.4%, 45.9%, 46.6% and 32.4% during the Track Record Period, respectively, reflecting strong profitability.

Renowned Industrial Robot Provider in Chinese Mainland Extending Accumulated Technological Advantages to Embodied AI

We are a renowned industrial robot provider in Chinese Mainland and recognized as a leader of the intelligent robotics value chain in Guangdong with capabilities covering core robotic components (upstream), robot bodies(midstream) and system applications (downstream). According to Frost & Sullivan, we are among the few enterprises in Chinese Mainland with in-house R&D and production capabilities for the three essential components of industrial robots: controllers, servo drives and cognitive systems.

Our control algorithms incorporate our deep understanding of specific manufacturing processes and optimize motion precision and cycle speeds, enabling our ultra-high-speed robots to achieve globally leading standard cycle time of 0.24 seconds and repeat positioning accuracy of up to 0.01 millimeters, according to Frost & Sullivan. Moreover, utilizing core algorithms such as multi-stage filter suppression, multi-axis synchronous control, compliance control, motion compensation and automatic load identification, we developed servo drives ensuring stability and end-effector positioning accuracy during high-speed motion, with torque control accuracy of ±1% and speed control accuracy of ±0.1%. To reduce the latency and errors associated with traditional vision guidance solutions, we developed multi-dimensional cognitive system which requires less than 0.2 seconds from target acquisition to command issuance.

Our years of accumulated capabilities in control technology have culminated in the next-generation intelligent robot control platform, X5 Robot Control System. This platform, co-developed with the Industrial Software Development Center of the Greater Bay Area National Center of Technology Innovation, performs the motion control functions of robot "cerebellum." With the support of a flexible cloud-edge-end three-tier computing architecture, our X5 platform is capable of reducing the motion control cycle to an industry -leading 1 millisecond. The cloud-edge-end architecture is a collaborative computing framework where terminal devices collect data, edge servers perform real-time processing and inference close to the data source, and cloud platforms provide centralized computing power for large-scale storage, analysis and model training. The X5 platform also caters to over 90% of industrial robotic requirements, bridging AI models and robot bodies.

We have also been proactively developing vertical AI models to empower our robots with a smart "brain." In collaboration with the Industrial Software Development Center of the Greater Bay Area National Center of Technology Innovation, we launched an integrated solution covering industrial on-site data acquisition, model training, online inference and control. Moreover, we have established a subsidiary with Knowledge Atlas Technology Joint Stock Company Limited (北京智譜華章科技股份有限公司) to co-develop embodied AI robots. These robots are equipped with chain-of-thought reasoning capability.

Leveraging our technological capabilities for core components of industrial robots and our ability to migrate technologies across platforms, our product portfolio is evolving from specialized automation to general purpose intelligent robots. Starting with Cartesian robots dedicated to injection molding scenarios, we have progressed to multi-joint robots, enabling flexible handling and replacement of complex processes. We have also been actively developing collaborative robots (modular sensing joints) and humanoid robots. Our humanoid robot "Xiaotuo" (小拓) is Chinese Mainland's first embodied AI deployed in injection molding scenarios, according to Frost & Sullivan, and our quadruped robots "Xingzai" (星仔) are capable of performing multiple tasks across different application scenarios, including autonomous patrolling and inspection, as well as firefighting operations in forests and specialized operations in complex environments.

Synergies among the Scenarios, Robots, Data and AI Driven by Deep Process Know-How and High-Quality Data

Our products and solutions closely serve our customer in their actual production environments, which render us deep understanding of relevant production workflows and material characteristics in various application scenarios. During the course of our business, we analyze and deconstruct key manufacturing modules, including workflow sequences,

motion patterns, force control and cycle time settings, which facilitated us in building a portfolio of nearly 100 mature process application solutions. These solutions are the foundation of our standardized products and enable us to deploy our industrial robots across a wide range of manufacturing scenarios. As a result, we were able to provide products and solutions covering our customers' entire production workflow. For example, in our collaboration with a leading global provider of exterior structure and module solutions for smart devices, we have achieved a comprehensive process encompassing loading and unloading to screen printing, coating, inspection, precision assembly and cleaning, demonstrating our strong capability in deepening the vertical process.

Moreover, our industrial robots collect high-quality real-time data directly from actual production lines through their built-in integrated sensors, which can help us precisely understand customers' actual production requirements and specifically optimize robotic control algorithms and end-effector capabilities. Our stable customer relationships and acquaintance with actual production environment and workflow render us access to massive real-world industrial data that is critical for training and iterating our industrial robots. Such access advantages us in establishing synthetic training environments for embodied AI that mirror real world industrial settings. The synergies among the scenarios, robots, data and AI in our business operations efficiently convert our scenario know-how and manufacturing data into commercial value.

Experienced and Insightful Management Team and Integrated Operational Systems Driving Efficient Operations

Our core management team is experienced, energetic and unified. With an average tenure exceeding 11 years, our core management team members have developed deep synergy and efficient collaboration, ensuring the continuity of our corporate strategy and the effectiveness of its execution. We have recruited top-tier talent from Fortune 500 companies across key departments, including R&D, supply chain, IT and human resources. Guided by our core values of "wholehearted customer service, collective dedication and shared success", our team exhibits strong cohesion.

Leveraging decades of accumulated manufacturing process experience in the industrial sector, we have established a scalable, standardized and lean manufacturing and delivery system. Our clear competitive advantages in supply chain management, cost control, quality assurance, as well as delivery efficiency and reliability enables us to respond rapidly to customer orders and ensure stable and timely product delivery. As a result, we are able to efficiently transform our research and development achievements into commercial value. Moreover, we have deeply integrated three core process systems: Integrated Product Development (IPD), Lead to Cash (LTC), and Issue to Resolution (ITR). These systems form a comprehensive end-to-end operational framework that spans from market insight to value delivery and customer feedback empowerment.

OUR STRATEGIES

Strengthen R&D in Embodied AI and Core Technologies to Build Technological Barriers and an Integrated Portfolio of Robotic Products

- ***Focus on General AI Models to Build Vertical Industrial Intelligence:*** We aim to drive the deep integration of information technology and operational technology, achieving a seamless interface between the physical and digital worlds. In particular, we plan to continuously strengthen the "brain" of industrial intelligence by focusing on general AI models. Our goal is to empower embodied AI with autonomous, agile and intelligent operational capabilities, enabling robots to truly understand and perform work. We will deepen our cooperation with leading domestic AI companies in areas such as large AI models and computing power and carry out industrial scenario adaptation and model optimization based on their mature technological foundations. At the same time, we actively utilize international open-source foundation models for synchronous iterative optimization.

- ***Strengthen Key Robotic Body Technologies:*** We will continue to invest in core technologies of the robot body, including control technologies, servo drives and vision systems, with the objective of achieving high performance, intelligence and integrated design. Additionally, we plan to research the synergistic and self-learning capabilities of various models and develop intelligent fault diagnosis and prediction technologies to enable self-optimization and enhance the overall system capabilities and operational stability.
- ***Develop Key Hardware and Enhance Control over Key Components:*** To improve the movement precision and environmental adaptability of our embodied AI products, we plan to strengthen our R&D efforts on modular sensing joints with a gradual and phased strategy. We will initially focus on verifying customer needs and product adaptability, subsequently increasing R&D resource allocation based on market feedback. Moreover, to strengthen the market competitiveness of our products, we will proactively strengthen our supply chain management regarding key robotic components, including motors, reducers, encoders and force sensors.

Based on the above technological advancement, we intend to expand our scenario-defined product portfolio into an all-scenario embodied AI system. Starting from our launched embodied AI products such as "Xiaotuo" (小拓), we plan to continuously enhance their core capabilities, including autonomy, operational efficiency, flexible production capacity and hardware reliability. For embodied AI workstations, we aim to optimize the performance of generative models to further improve intelligence and workflow efficiency. Upon successful validation in specific scenarios, we plan to apply the proven technologies into replicable modules and platforms to gradually extend the application scenarios of our embodied AI products from injection molding to a wider range of industrial scenarios. We also plan to develop bipedal humanoid intelligent robots and other products according to downstream demands.

Broaden Application Scenarios and Capitalize on the Value of Process and Data

During the course of our business operation, we have accumulated insights into the actual manufacturing workflows of various industries, including consumer electronics, automotive components, home appliances, household chemical products, packaging, toy manufacturing and medical devices. Going forwards, we plan to further expand the breadth of our downstream application scenarios to include high-potential fields such as semiconductors and the low-altitude economy. We also aim to increase our penetration in existing markets to strengthen our understanding of downstream applications.

In parallel with the expansion of application scenarios, we plan to continuously enhance our capabilities to fully unlock the value of process know-how and data assets. First, we intend to continuously improve our data acquisition capabilities and broaden our data acquisition scenarios. By enriching our datasets through both simulation and real-world collection, we aim to establish embodied AI training grounds and enhance the training efficiency of our vertical models. Our goal is to enable intelligent robots to continuously accumulate data during operations and enhance generalization capabilities with gradually improved intelligence levels and applicability.

Expand Our Global Network and Enhance Our Customer Base

We intend to actively seize the historical opportunity presented by the global layout of Chinese Mainland's manufacturing sector by providing automated manufacturing equipment and services for downstream industry leaders' international production bases. This model provides us with stable initial orders and valuable market entry points, reducing the risks associated with overseas expansion.

Based on detailed market data analysis, we plan to prioritize high-growth markets such as Southeast Asia and Mexico, which align with the outbound pace of Chinese manufacturing. We are progressively building localized operations encompassing sales, service and the supply chain, which also includes establishing regional technical support and service centers, planning overseas warehousing and assembly capabilities, and recruiting local

talent. These initiatives are designed to bring us closer to customers, streamline supply chains and enable rapid response to customer demand, while gradually establishing our international brand positioning in high-end products.

Prudently Pursue Strategic Acquisitions and Investments to Accelerate Ecosystem Development

While we maintain a focus on the growth of our existing business, we view strategic M&A, equity investments and strategic alliances as key levers to accelerate the realization of our corporate vision. Centered on the goal of building a full-stack embodied AI technology system and industrial ecosystem, we plan to identify high-quality targets that can accelerate the commercialization of embodied AI, reinforce our core technologies and key industry process knowledge or expand high-potential sales channels. Through these initiatives, we strive to accelerate our development into a globally leading embodied AI technology company.

OUR PRODUCTS AND SOLUTIONS

The following table sets forth a breakdown of our revenue by business line, 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* *(unaudited)*	*%*	*RMB'000*	*%*
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	2.3	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.

Our product offerings cover multiple stages of industrial manufacturing and are designed to work either as standalone equipment or as integrated automation solutions. Our industrial robots and automation systems are designed to automate repetitive production tasks such as loading and unloading materials, transferring workpieces between machines, assembly and inspection. These systems help customers improve production efficiency, reduce labor intensity and enhance production consistency. Our injection molding equipment and CNC machining centers primarily serve as core production equipment used by manufacturers to produce plastic parts or precision metal components. These machines perform the core manufacturing processes such as molding, cutting and machining.

Depending on customers' needs, our products may be sold either as standalone equipment or as part of integrated automation solutions. In particular, our industrial robots and automation systems are often deployed as integrated automation solutions tailored to customers' production lines, and our injection molding machines and auxiliary equipment can be sold together as a whole set of solution. Moreover, our CNC machining centers are typically sold to customers as standalone equipment that can be incorporated into their existing manufacturing systems.

Industrial Robots and Automation Systems

Industrial Robots

We offer a diversified portfolio of industrial robots and integrated automation systems. Our product offering in this business line is anchored by our proprietary underlying technologies, specifically our self-developed motion control platforms, servo drives and vision systems. 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. The selling price of our industrial robots typically ranges from approximately RMB9.4 thousand to RMB128.3 thousand* per unit, depending on factors such as differences in axis configuration, functional capabilities and application requirements.

Our industrial robot portfolio primarily comprises (i) multi-joint robots (ii) Cartesian robots (iii) intelligent robots. Our multi-joint robots include 4-axis robots, namely selective compliance assembly robot arm ("**SCARA**") robots, and 6-axis robots, which are designed to replicate complex human arm movements and perform operations, including loading and unloading, polishing and grinding, welding and palletizing, among others. Our Cartesian robots, also known as robotic manipulators, are orthogonal axis systems primarily used for injection molding automation which we design and manufacture in-house using proprietary servo motors and control systems for precise multi-dimensional movement and automated part extraction. Our intelligent robots are designed for industrial automation and special-purpose operating scenarios, including intelligent humanoid robots "Xiaotuo," launched in September 2025, and intelligent quadruped robots "Xingzai" (星仔), launched in January 2026, which are designed to support manufacturing operations and conduct inspection and related tasks in complex or unstructured environments. The following table summarizes our major products.

* The selling prices of our products within each business line may vary within a relatively wide range. This is primarily because our products are offered in multiple series, specifications and configuration levels, and are often tailored to meet customers' specific production requirements. Differences in technical complexity, functionality, performance requirements, degree of customization and component selection contribute to variations in unit prices across products within the same product line. To present more meaningful pricing information and better reflect the prevailing transaction levels of our major products, the price ranges disclosed are based on representative models that collectively account for a majority of the revenue of each product line during the Track Record Period.

Products	Key features	Main applications
Multi-joint Robots ***– 4-axis Robots (SCARA Robots)*** 	• Rated payload ranging from 1 kg to 20 kg, with maximum load capacity of 5 kg to 30 kg and self-weight ranging from 13.5 kg to 70 kg • Motion radius ranging from 300 mm to 1,000 mm, supporting deployment in both compact and extended work environments • Equipped with advanced control systems to deliver high precision, fast cycle times and stable operation • Designed with a high-strength structure to ensure stable performance under high-speed operation	• 3C Electronics: pick-and-place, assembly, inspection and dispensing for mobile phones, computers and electronic components • Photovoltaic and New Energy: wafer and module handling, assembly, and loading/unloading • Pharmaceutical and Medical: pharmaceutical packaging, consumables assembly and cleanroom operations • Food Packaging: food sorting, carton packing, material handling and sealing • Home Appliance Manufacturing: assembly of small appliance components, screw fastening, labeling and material transfer • Toys and Consumer Goods Industry: pick-and-place and assembly of plastic and metal parts, and production line operations
– 6-axis Robots 	• Payload capacity ranging from 7 kg to 35 kg, with arm reach spanning 715 mm to 2,000 mm • Equipped with precision drive and control systems to support stable and accurate operation • Designed with a high-strength mechanical structure to ensure stable performance under high-speed operation	• 3C Electronics Industry: pick-and-place, assembly, polishing, inspection and dispensing for mobile phones, tablets, laptops and precision components • Injection Molding Industry: automated part extraction from injection molding machines, insert embedding, product handling and tray arrangement, and deburring • Automotive Parts Industry: welding, assembly, loading and unloading, adhesive dispensing, inspection, polishing and material handling • New Energy Industry: battery loading and unloading, assembly, adhesive dispensing, inspection, handling and palletizing

Products	Key features	Main applications
Cartesian Robots 	• Servo drives integrated with the in-house control system • Designed to support stable operation in molding applications • Gear transmission structure for smoother and quieter operation • Lightweight aluminum alloy arm • Real-time remote monitoring and data management functions • Energy-saving power management technology	• Injection molding scenarios: primarily used for part extraction, stacking, gate trimming and insert embedding, enhancing production efficiency, ensuring product quality and reducing labor costs. • Machine tool scenarios: mainly applied in automated loading and unloading for CNC lathes, reducing labor costs and ensuring safe production and machining, particularly suitable for applications with short processing cycle times and large production volumes. • Other scenarios: including material handling, loading and unloading, and related applications.
Intelligent Humanoid Robots ("Xiaotuo") 	• Industrial-grade embodied intelligent agent designed for reliable operation, with high positioning accuracy and adjustable height to suit different working environments. • Integrated perception system combining vision and sensor technologies with AI capabilities to enable real-time sensing, positioning, decision-making and task execution. • Advanced on-device computing capability that supports deployment of AI models directly on the device. • Flexible power solutions supporting extended continuous operation, with options including automatic charging, battery swapping and plug-in power supply.	• Warehousing and Logistics: undertaking material picking, carton handling, packing and mobile sorting in dynamic operational environments. • Production Loading/Unloading and Sorting: autonomously navigating within workshops to perform multi-station material replenishment, product sorting and tray arrangement.
Intelligent Quadruped Robots ("Xingzai") 	• High mobility, capable of operating at up to 5 m/s and navigating slopes and stairs. • Strong load capacity for both static and operational use. • Equipped with autonomous navigation functions to support obstacle avoidance and positioning.	• Emergency Rescue and Firefighting: assisting personnel in transporting supplies in forested or disaster-affected areas, entering hazardous zones to conduct detection and on-site data collection, and performing basic operational tasks in high-risk environments. • Inspection: conducting equipment and instrument status identification, data reading, environmental monitoring, and detection and on-site data collection in complex or hazardous environments.

Automation Systems

Our automation systems are designed to address customers' specific production processes and site requirements through the integrated application of robotics, control systems, intelligent software and peripheral equipment. Our automation systems are primarily delivered as integrated hardware-and-software solutions, typically in the form of robot-based workstations or production line modules. Such systems enable one or more industrial robots, together with supporting equipment and control programs, to perform a series of coordinated and relatively complex manufacturing operations within a defined production process. Our automation systems sales were approximately 2.5 thousand, 1.8 thousand, 1.3 thousand, 0.3 thousand and 1.0 thousand units in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. The selling price of our automation systems typically ranges from approximately RMB12,982.3 to RMB14,690,265.5* per set, depending on factors such as the number and type of industrial robots deployed, system complexity, level of customization, integration scope and application scenarios.

Within our automation systems, robot-based workstations typically serve as standardized and modular functional units. Each workstation is an autonomous unit featuring application-specific control logic and coordinated motion capabilities. In practice, a robot-based workstation typically consists of one or more industrial robots integrated with sensors, control units and application-specific tooling, forming a self-contained production unit capable of executing defined tasks such as assembly, handling or inspection. Certain robot-based workstations are further enhanced with advanced capabilities through the integration of perception algorithms, motion planning and, where applicable, AI-related functionalities, enabling more adaptive and intelligent operations in complex scenarios. These robot-based workstations can be flexibly combined and configured into broader automation systems to support a wide range of industrial applications, including industrial palletizing, high-speed sorting, robotic training and other automated production processes.

As part of our embodied AI-related product development efforts, we have developed several AI-enhanced robot-based workstation solutions, including flexible sorting and loading workstations, embodied AI palletizing workstations and AI-driven creative block assembly workstations, which were launched in January 2024, January 2024 and April 2024, respectively. During the Track Record Period, the aggregate revenue generated from each of these three workstation solutions amounted to RMB11.2 million, RMB11.4 million and RMB5.5 million, respectively. Flexible sorting and loading workstations are designed for sorting and loading applications involving multi-variety and small-batch materials. By integrating AI-based recognition and adaptive control capabilities, such workstations enable rapid product changeovers with limited manual intervention and can be applied in scenarios such as electronic component sorting, hardware component sorting and post-injection-molding product handling. Embodied AI palletizing workstations integrate industrial robots with AI algorithms, 3D vision systems and motion planning capabilities to support palletizing and depalletizing operations involving different object types and configurations. Such workstations are designed to enhance deployment flexibility and operational adaptability in scenarios including palletizing and depalletizing of boxes and bags, material loading and unloading, industrial inspection and measurement, and precision assembly. AI-driven creative block assembly workstations similarly integrate AI-based recognition and teach-free changeover capabilities to accommodate small-batch, multi-variety block and toy assembly requirements, enabling rapid switching across component types and sizes while improving production efficiency, consistency and cost control. These products are built upon our existing industrial robots and automation systems

* The selling prices of our products within each business line may vary within a relatively wide range. This is primarily because our products are offered in multiple series, specifications and configuration levels, and are often tailored to meet customers' specific production requirements. Differences in technical complexity, functionality, performance requirements, degree of customization and component selection contribute to variations in unit prices across products within the same product line. To present more meaningful pricing information and better reflect the prevailing transaction levels of our major products, the price ranges disclosed are based on representative models that collectively account for a majority of the revenue of each product line during the Track Record Period.

technologies, and therefore share the same underlying hardware and automation architecture. Unlike conventional automation systems, which generally operate based on predefined rules and programming logic, these AI-enhanced workstation solutions incorporate perception, recognition and adaptive decision-making capabilities, enabling them to handle more complex, variable and less structured operating environments.

Our automation systems are typically highly customized based on customers' industry-specific requirements and on-site production processes. The level of customization is reflected in the following aspects: (i) Joint development: we engage in deep collaboration with customers during the product development process, and jointly develop integrated solutions. We participate in the full process covering solution design, engineering design and manufacturing, ensuring alignment with customers' production requirements; (ii) Process definition and iterative design: we provide customized process definition based on customers' evolving production requirements. Our solutions are designed to support iterative upgrades in terms of design optimization, manufacturing efficiency and production processes, particularly during the prototyping and trial production stages, so as to ensure both production suitability and long-term adaptability; (iii) Installation, commissioning and training: after product delivery, we are responsible for on-site installation, commissioning, process validation and testing. We also provide training to customers' technical personnel and operators, enabling them to fully understand and master equipment operation, maintenance and servicing procedures; and (iv) After-sales services: we provide 24-hour customer service hotline support and continuous after-sales maintenance services. Through our nationwide service network, we provide timely fault diagnosis, troubleshooting support and technical guidance to ensure stable production operations. Our engineers also assist customers in analyzing and resolving equipment-related issues.

Our automation systems are primarily applied in application scenarios such as: (i) the opto-electronics industry, where precision, flexibility and cleanliness are of particular importance, to support automated processes such as screen-printing, pad-printing, coating, robotic loading and unloading, in-line inspection and packaging for opto-electronic products; and (ii) the consumer electronics industry, which is shaped by factors such as product iteration, labor shortages and rising labor costs. Our automation systems have been increasingly adopted by major consumer electronics brands and their manufacturers along the supply chain, and are used in the production of smartphones, wearables, tablets and other products for automated handling, assembly, inspection and related processes.

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin of our industrial robots and automation systems by sub-segments for the periods indicated:

	Year Ended December 31,									Three Months Ended March 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*RMB'000*	*%*
Industrial robots and automation systems															
Industrial robots	244,736	106,697	43.6	275,316	130,859	47.5	300,433	139,104	46.3	57,725	28,336	49.1	56,520	27,224	48.2
Automation systems	723,796[(1)]	147,388	20.4	479,614[(1)]	130,328	27.2[(2)]	384,706[(1)]	106,438	27.7	119,921	36,954	30.8	265,368[(3)]	80,672	30.4
Total / Overall	**968,532**	**254,085**	**26.2**	**754,930**	**261,187**	**34.6**	**685,139**	**245,542**	**35.8**	**177,646**	**65,290**	**36.8**	**321,888**	**107,896**	**33.5**

Notes:

(1) The revenue generated from our automation systems business continued to decrease from 2023 to 2025, in line with our reduced sales volume, as we strategically concentrated resources on key account customers in the consumer electronics industry for deepening our understanding and delivering more high value-added products and reduced order acceptance from other downstream industries.

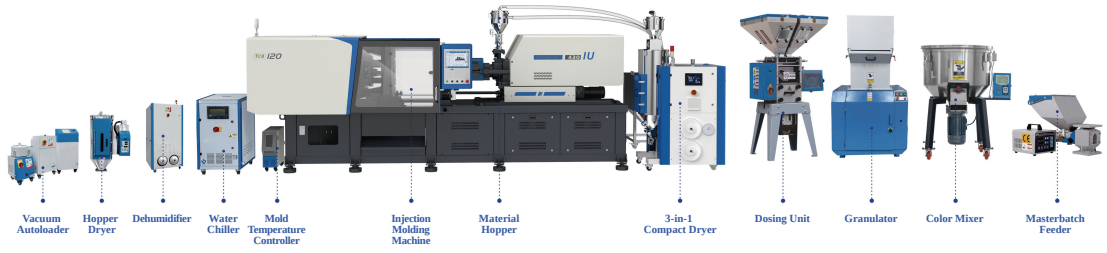
(2) The gross profit margin of our automation systems business increased from 2023 to 2024, as we adopted stricter selection criteria and selectively reduced low-margin orders.

(3) The revenue generated from our automation systems business increased significantly from the three months ended March 31, 2025 to the three months ended March 31, 2026, in line with our increased sales volume, 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.

The gross profit margin of automation systems was lower than that of industrial robots during the Track Record Period primarily because automation systems are integrated solutions that typically incorporate industrial robots and ancillary automation components, such as fixture and control units, some of which generally carry relatively lower gross profit margins. In addition, automation systems usually involve higher customization, system integration and on-site implementation requirements, which may further affect the overall gross profit margin profile of such business line. For further details, see "Financial Information — Results of Operations."

Injection Molding Equipment

We offer an integrated portfolio of injection molding machines together with a full suite of auxiliary equipment and automatic feeding systems, enabling customers to establish complete and standardized injection molding production lines. Our injection molding machines comprise two categories: electric injection molding machines, and hydraulic injection molding machines, designed to meet diverse requirements for precision, efficiency and application-specific performance across a broad range of industries. By combining our auxiliary equipment and automatic feeding systems with our injection molding machines, we provide customers with solutions covering material preparation, feeding, temperature control, cooling and recycling. Our injection molding machine sales were approximately 0.9 thousand, 0.9 thousand, 0.4 thousand, 0.1 thousand and 0.2 thousand units in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, while our auxiliary equipment sales were approximately 16.7 thousand, 18.8 thousand, 24.5 thousand, 4.4 thousand and 4.9 thousand units in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. The selling price of our injection molding machine typically ranges from approximately RMB100.0 thousand to RMB863.4 thousand* per unit, depending on factors such as clamping force, configuration, level of automation and application scenarios, whereas the selling price of our auxiliary equipment typically ranges from approximately RMB2.7 thousand to RMB44.9 thousand* per unit, depending on factors such as differences in machine structure, clamping force, precision requirements and configuration levels.



Injection Molding Machines

We offer a portfolio of injection molding machines covering electric and hydraulic platforms, designed to address a wide range of precision molding requirements. Our electric injection molding machines, represented by the TEII Series, are designed for applications requiring high precision, repeatability and fast response. Powered by proprietary intelligent drive technologies and optimized motion control, these machines are well suited for high-end and precision applications such as connectors, medical components, optical products and automotive electronics. Our hydraulic injection molding machines are represented by the TH Series. These machines are designed to provide robust performance, operational stability and cost-effective production, and are widely applied across general-purpose and demanding molding scenarios, including consumer electronics, automotive components, household appliances, household chemical products, packaging, toy manufacturing and medical devices. Our injection molding machines are primarily used for the production of packaging materials and plastic components for household chemical products.

* The selling prices of our products within each business line may vary within a relatively wide range. This is primarily because our products are offered in multiple series, specifications and configuration levels, and are often tailored to meet customers' specific production requirements. Differences in technical complexity, functionality, performance requirements, degree of customization and component selection contribute to variations in unit prices across products within the same product line. To present more meaningful pricing information and better reflect the prevailing transaction levels of our major products, the price ranges disclosed are based on representative models that collectively account for a majority of the revenue of each product line during the Track Record Period.

Auxiliary Equipment and Automatic Feeding Systems

We provide a comprehensive range of auxiliary equipment and automatic feeding systems that cover key processes such as raw material conveying, drying, temperature control, cooling, mixing and recycling, including mold temperature controllers, integrated three-in-one material handling units, chillers, automatic loaders and material dryers.

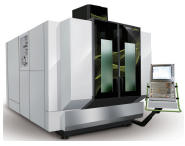
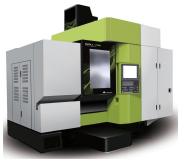
We typically deploy auxiliary equipment in conjunction with our injection molding machines to support and enhance various stages of the production process. In terms of raw material preparation, auxiliary equipment are used to ensure that raw materials are properly dried, uniformly mixed and consistently supplied to the injection molding machines, thereby maintaining material quality and reducing defects. During the molding process, auxiliary equipment are used to regulate mold and machine temperatures, which helps maintain stable processing conditions, improve product consistency and reduce cycle times. Following the molding process, auxiliary equipment are used to automate product removal, facilitate material handling and enable recycling of production waste, thereby improving operational efficiency and reducing material costs. Through the integration of auxiliary equipment with injection molding machines, we are able to enhance overall production efficiency, ensure product quality consistency and achieve a higher degree of automation across our manufacturing operations.

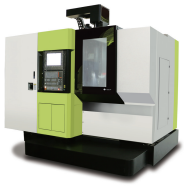
CNC Machining Centers (CNC)

We focus on the research, development and production of advanced CNC machining centers, including our 5-axis linkage CNC machining centers, which are primarily applied in advanced manufacturing sectors such as civil aviation, automotive, humanoid robots, semiconductors, and low-altitude aircraft. In the humanoid robotics industry, our CNC machining centers are used to machine metal parts, such as structural parts, joint components, housings and other critical mechanical parts. A CNC machining center is a computer numerical control machine tool equipped with an automatic tool-changing system, which enables the automated and high-precision machining of metal and other industrial components through computer-programmed instructions. As a key piece of manufacturing equipment, CNC machining centers are widely used to produce precision parts requiring high dimensional accuracy, consistency and production efficiency. These products are supported by our self-developed core components such as the spindle, rotary table, double-swivel milling head, vertical/horizontal gear milling head and power turret, which enable us to achieve a high level of vertical integration and equipment performance stability. Our CNC machining center sales were 310, 252, 283, 35 and 49 units in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively. The selling price of our CNC machining centers typically ranges from approximately RMB442.0 thousand to RMB4,938.0 thousand* per unit, primarily depending on the differences in machine size, structural design, processing precision and configuration levels.

* The selling prices of our products within each business line may vary within a relatively wide range. This is primarily because our products are offered in multiple series, specifications and configuration levels, and are often tailored to meet customers' specific production requirements. Differences in technical complexity, functionality, performance requirements, degree of customization and component selection contribute to variations in unit prices across products within the same product line. To present more meaningful pricing information and better reflect the prevailing transaction levels of our major products, the price ranges disclosed are based on representative models that collectively account for a majority of the revenue of each product line during the Track Record Period.

5-axis linkage CNC machining centers offer significant advantages over traditional 3-axis CNC machining centers by providing simultaneous linear interpolation across any five axes selected from the X, Y, Z, A, B or C axes, enabling coordinated multi-axis motion. 5-axis linkage technology is particularly effective for machining complex curved-surface components such as impellers, blades, marine propellers, heavy-duty generator rotors, turbine rotors and large diesel engine crankshafts. These centers are also used to manufacture certain metal parts used in humanoid robots, that require multi-axis machining capabilities and tight dimensional tolerances. The following picture illustrates the five axes of our CNC machining centers:

Products	Key features	Main applications
– ***GMU800 Overhead-Gantry 5-axis Linkage CNC Machining Center*** 	• Designed for large and complex components, supporting workpieces up to 1,000 kg, 850 mm diameter and 626 mm height, enabling heavy-duty precision machining • Gantry symmetrical structural design ensuring high rigidity and stable machining accuracy under continuous heavy-load cutting conditions • 18,000 rpm high-speed spindle with 48-tool automatic tool changer and 5-second tool change cycle, enabling efficient roughing and finishing of hard-to-machine materials such as high-temperature alloys, die steel and cast iron	• Aerospace: machining of integrated structural and rotating components, including engine blisks, aluminium alloy impellers, titanium alloy engine casings and aircraft structural parts, involving heavy-duty multi-surface milling, rough-to-finish integrated machining and complex contour finishing • Mould manufacturing: machining of large and high-precision mould cavities and curved surfaces, including tyre moulds, large injection moulds and die-casting moulds, involving precision cavity milling and surface profiling
GMU750 Fixed-Beam Gantry-Type 5-Axis Linkage Machining Center 	• Designed for medium-sized complex components, supporting workpieces up to 500 kg, 700 mm diameter and 532 mm height, enabling stable heavy-duty cutting and high-precision machining • Fixed beam gantry structure ensuring structural rigidity and long-term machining stability under continuous heavy-load operations • High-speed 20,000 rpm spindle equipped with a 24-tool automatic tool changer, with 2.5-second tool change cycle, supporting efficient precision machining of high-hardness materials such as steel and titanium alloys	• Mould manufacturing: machining of automotive mould components and steel mould parts, including cavity machining, contour milling and precision surface finishing

Products	Key features	Main applications
GMU400 Gear Cradle-Type 5-Axis Linkage Machining Center 	• Designed for small to medium-sized precision components, supporting workpieces up to 120 kg, 500 mm diameter and 400 mm height, enabling stable high-precision machining of complex parts • High-rigidity structural design ensuring dimensional accuracy and stability during continuous precision cutting operations • Equipped with 48-tool automatic tool changer, enabling efficient machining of multiple materials including aluminium alloy, titanium alloy, stainless steel and engineering plastics within a single setup	• Humanoid robotics: machining of precision structural and transmission components, including joint parts (e.g. fingers, hip connectors, chest structures, foot components and limb assemblies), involving multi-surface milling, contour machining and precision finishing of complex geometries • Medical devices: precision machining of implantable and surgical components such as titanium alloy skeletal structures, stainless steel bone reamers, joint prostheses, bone screws and surgical instruments, requiring high-precision shaping and surface finishing

Intelligent Energy and Environmental Projects

In addition to our core businesses, including our industrial robots and automation systems, injection molding equipment and CNC machining centers, we also engage in the intelligent energy and environmental projects business in response to customer demand, which primarily serves to expand our customer base for cross-selling our higher value-added core products. Under this business, we primarily provide two types of services: (i) injection molding-related electromechanical engineering services, which primarily involve utilities installation such as water, electricity and compressed air systems, designed to support injection molding production environments; and (ii) non-injection molding electromechanical engineering services, which include cleanroom construction, ventilation systems and large-scale integrated electromechanical engineering projects for broader industrial applications. Such electromechanical engineering services are primarily service-oriented in nature, under which we are responsible for overall solution design, system integration, installation and project management. Depending on specific customer requirements, we may also procure and supply certain equipment (such as air compressors and other facility-related equipment) from third-party suppliers and integrate them into the overall solution for delivery to customers. Accordingly, our role is not limited to pure service provision but encompasses integrated service offerings combining engineering services and, where required, equipment procurement and delivery. During the Track Record Period, we have primarily scaled down the non-injection molding electromechanical engineering services, as such services are more project-based in nature, involve broader engineering scope and do not align with our core product-oriented business model, whereas the injection molding-related electromechanical engineering services, which are more closely connected with our injection molding equipment business, continue to be maintained but on a selective basis. We would primarily manage injection molding-related electromechanical engineering projects from solution design to delivery, while we may procure raw materials, components, and labor services from third parties in order to ensure project quality and meet delivery schedule.

This business line was initially developed in connection with our injection molding equipment business. Since around 2014, we began undertaking small-scale electromechanical engineering works, such as utilities, upon requests from customers purchasing our injection molding equipment. Such services were initially provided to meet the ancillary needs of our injection molding customers and to enhance our overall solution offering. As customer demand expanded, we gradually extended our capabilities into non-injection molding electromechanical engineering services, including cleanroom engineering and integrated electromechanical engineering projects. Since 2019, we have undertaken larger-scale projects for customers in industries such as consumer electronics, which further expanded the scope of this business. In subsequent years, we also undertook projects serving the lithium-ion battery

and photovoltaic industries, which drove a rapid increase in order volume for this business line driven by the rapid expansion of these industries by then.

Our development strategy of business line was to acquire and engage with customers across different industries, thereby facilitating the sales of our core products. Having established robust brand recognition and a stable customer base, we have reassessed the strategic positioning of this business line. While this business line has contributed to revenue growth in prior years, we consider that it is less aligned with our long-term strategic focus on product-based and technology-driven automated manufacturing equipment businesses. In particular, this business line is relatively resource-intensive, requiring significant deployment of engineering personnel and management attention, which may otherwise be allocated to the development of our core technologies, including robotics and AI-related capabilities. In addition, the project-based nature of this business line, with longer implementation and settlement cycles, presents higher operational complexity and may affect capital efficiency compared to our core business lines. Accordingly, we have strategically repositioned this business line over the past several years, as reflected by its decreasing contribution to our revenue during the Track Record Period. Moreover, this business line recorded relatively low or volatile gross profit margin during the Track Record Period, amounted to 8.4%, (11.7)%, 14.7% and 4.6% in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. Taking into account the foregoing, we believe such transition does not represent a sudden change in our business model, but rather a gradual reallocation of resources toward our core product-oriented businesses. While the scale-down may result in a reduction in revenue, we expect our overall profitability and earnings quality to improve as we reduce exposure to low-margin or loss-making projects. Accordingly, we believe our historical financial performance remains representative of our business and provides a meaningful basis for investors to assess our future performance.

Unlike our other product offerings, our intelligent energy and environmental projects business is more project-oriented in nature, relying on field implementation with limited scalability. In line with our strategic focus on our core businesses, we are progressively scaling down our operation in intelligent energy and environmental projects business line. We have been phasing down this non-core business line during the Track Record Period and expect to complete by the first half of 2026, concentrating management attention, capital resources and research and development efforts on our core businesses with stronger scalability, standardization and long-term growth potential. This business line operates independently from our other core business segments and is not materially related to them in terms of operations, technology or customer base. Accordingly, the modification of the business model of this segment is not expected to have any material impact on our other business segments, either operationally or financially. We have engaged our related parties to undertake certain projects under this business line, which resulted in an increase in the amount of transactions with related parties. As we progressively scale down this business line, approximately 100 personnel associated with this business line will no longer be required, and we plan to reallocate or optimize such workforce in a prudent and orderly manner. For details, see "Continuing Connected Transactions."

The following table sets forth a breakdown of revenue, gross profit, gross profit margin and number of projects of our intelligent energy and environmental projects business line by categories of services for the periods indicated:

	Year Ended December 31,									Three Months Ended March 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Revenue	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Revenue	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Revenue	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin	Revenue	Gross Profit/ (Loss)	Gross Profit/ (Loss) Margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Non-injection molding electromechanical engineering services	2,644,385	219,915	8.3	1,050,392	(158,686)	(15.1)	727,327	116,544	16.0	34,567	(5,862)	(17.0)	23,181	294	1.3
Injection molding-related electromechanical engineering services	41,566	5,386	13.0	179,103	15,311	8.5	187,985	17,764	9.5	4,315	1,361	31.5	7,170	1,100	15.3
Total/Overall	**2,685,951**	**225,300**	**8.4**	**1,229,495**	**(143,375)**	**(11.7)**	**915,312**	**134,308**	**14.7**	**38,882**	**(4,501)**	**(11.6)**	**30,351**	**1,394**	**4.6**

We recorded gross profit of RMB225.3 million, RMB134.3 million and RMB1.4 million, with gross profit margins of 8.4%, 14.7% and 4.6%, from this business line in 2023, 2025 and the three months ended March 31, 2026, respectively, and a gross loss of RMB143.4 million and RMB4.5 million with a gross loss margin of 11.7% and 11.6% in 2024 and the three months ended March 31, 2025. In 2023, 2024, 2025 and the three months ended March 31, 2026, we obtained 117, 66, 62 and nil non-injection molding electromechanical engineering services projects, respectively, and 73, 111, 66 and nil injection molding electromechanical engineering services projects, respectively. Among all such projects obtained in 2023, 2024, 2025 and the three months ended March 31, 2026, 15, 18, seven and nil projects, respectively, recorded overall gross losses as of March 31, 2026. Following our entry into the Green Energy Projects Master Framework Agreement, we do not expect to undertake any new non-injection molding electromechanical engineering services projects from 2026 onwards, as the relevant services will be provided by Suzhou Boyi and Dongguan Junye. See "Continuing Connected Transactions — Partially-exempt and Non-exempt Continuing Connected Transactions — Supply of Products, Lease of Property and Procurement of Services (Suzhou Boyi and Dongguan Junye)" for details.

The gross loss recorded in 2024 was primarily attributable to our non-injection molding electromechanical engineering services, which recorded a gross loss of approximately RMB158.7 million and a gross loss margin of 15.1% in 2024, whereas our injection molding electromechanical engineering services remained profitable, with a gross profit of approximately RMB15.3 million and a gross profit margin of 8.5% in the same year. In 2024, our loss-making projects recorded aggregated gross loss of approximately RMB285.7 million, among which 24 loss-making projects, each recording a gross loss of more than RMB2.0 million, collectively accounted for over 75%.

The gross losses recorded by such projects were primarily attributable to the following:

(i) *Downward adjustments to project settlement amounts.* For our non-injection molding electromechanical engineering services, revenue is recognized over time with reference to the percentage of completion of the performance obligation, which is measured using an input method based on the ratio of cumulative actual costs incurred over the estimated total costs for the project. The revenue recognized for a project is calculated by applying the percentage of completion to its estimated total revenue. The estimated total revenue of a project is determined based on the latest available information as of the end of each reporting period, having

regard to the expected recoverable amount of the project, and may be revised upward or downward from period to period as updated information becomes available. Our contracts for non-injection molding electromechanical engineering services, whether entered into on a fixed lump-sum basis or on the basis that the final contract sum is settled by reference to the actual work performed, contain settlement provisions which entitle the customer to review and verify the quantities of the work performed before the final settlement amount is agreed. Where the final settlement amount agreed or negotiated with a customer is lower than the estimated total revenue previously adopted for revenue recognition purposes, we are required to revise the estimated total revenue of the relevant project downward, resulting in a corresponding reduction in revenue previously recognized while the related project costs had already been incurred. Such downward adjustments accounted for approximately 95.0% of the aggregate gross losses of such loss-making projects in 2024.

Such downward adjustments were primarily attributable to the challenging operating environment faced by our downstream customers in the lithium battery and photovoltaic industries since 2023, characterized by industry overcapacity, intensified competition and financial constraints. Under such circumstances, certain customers imposed deductions during the settlement process, including deductions to settlement quantities and the discounts applied to certain variation orders and additional works which the customers had instructed during project execution, resulting in final settlement amounts that were lower than originally estimated. Of the total downward adjustments, approximately 59.0% were attributable to deductions imposed during customers' settlement reviews, approximately 27.8% were attributable to deductions relating to variation orders and on-site work records, and approximately 13.2% were attributable to other deductions.

(ii) *Cost overruns and additional costs incurred during project execution, acceptance and settlement.* For certain projects, the actual costs incurred exceeded the original estimated project costs, thereby reducing project profitability and, in certain cases, resulting in gross losses. Such cost overruns accounted for approximately 5.0% of the aggregate gross losses of such loss-making projects in 2024. These cost overruns were primarily attributable to additional construction work, rework arising from on-site coordination among multiple contractors, higher-than-expected material procurement costs during project execution, and additional costs incurred to satisfy customers' enhanced acceptance requirements during prolonged acceptance and settlement processes.

The turnaround from a gross loss margin to a gross profit margin in 2025 and the three months ended March 31, 2026 was primarily attributable to (i) our deliberate strategy of exercising stricter selection criteria in order acceptance, prioritizing projects with more favorable profit margins over volume-driven revenue growth in line with our strategic focus on sustainable profitability, under which we scaled down our engagements with customers in the photovoltaic and lithium battery industries, thereby reducing our exposure to projects susceptible to significant downward settlement adjustments; (ii) our strategic focus on long-standing customers and production processes with which we had extensive experience, enabling us to enhance project execution efficiency, improve delivery quality and facilitate the timely settlement of project consideration; and (iii) the implementation of refined cost management measures, including more rigorous cost controls across the full project lifecycle, from tendering and budgeting through execution, dynamic cost monitoring and post-completion settlement. In particular, we implemented more stringent internal policies governing the review, approval and management of variation orders, which constitute an important basis for project settlement, and strengthened our coordination with customers to facilitate the timely confirmation of such variation orders, thereby improving the efficiency and certainty of project settlement. We also strengthened our budgeting and cost monitoring throughout project execution and enhanced our on-site coordination with other contractors, so as to reduce rework and additional costs and to mitigate the cost overruns experienced in prior periods.

OUR TECHNOLOGIES

We develop our core technologies based on a scenario-driven and system-oriented design philosophy. Under this approach, we define key performance objectives according to specific downstream application scenarios and then design and optimize the underlying technologies accordingly. We focus on achieving optimal system-level performance for targeted robotic and automation applications through integrated development across core components and the overall equipment system. In particular, in industrial robotics applications, our technology development emphasizes deep customization and dedicated architectures tailored to robotic motion characteristics, real-time control requirements and compact system layouts, enabling our core components to function as an integrated whole and to fully realize the performance potential of the robotic platform.

Within this system-oriented framework, our core technologies are organized around three closely integrated pillars, namely control technology, servo drive technology and vision systems. Control technology serves as the central coordination layer, responsible for motion planning, real-time control, multi-axis synchronization and system-level execution. Servo drive technology functions as the execution layer, translating control instructions into precise and responsive physical motion through accurate regulation of position, speed and torque. Vision systems act as the perception layer, enabling robots and automation equipment to acquire, interpret and utilize visual information from the physical environment to guide motion and process execution. The coordinated and scenario-driven development of these three technology domains support high-performance, intelligent and reliable operation across a wide range of industrial robotic and automation scenarios.

We have also developed and applied AI technologies, in particular embodied intelligence technologies, to enhance the functionality and adaptability of our robotic solutions. Embodied intelligence refers to equipping robots with the ability to perceive the environment and make decisions in real time, similar to how humans respond to changing situations. Traditional robots typically operate based on pre-programmed instructions and may not function effectively when operating conditions change. In contrast, our AI-enabled systems allow robots to process real-time data through sensors and adjust their actions accordingly, enabling operation in dynamic and unstructured environments.

Our technologies improve ease of use and flexibility. For example, tasks that previously required manual reprogramming can be adjusted more efficiently, including through simplified instruction methods such as natural language inputs. In addition, our robots are capable of handling both standardised and irregular objects and can adapt to changes in the operating environment. Our solutions have been applied in scenarios such as robotic plating and AI-enabled sorting workstations.

The effectiveness of our technologies is measurable. For instance, task switching time can be reduced from several hours to approximately half an hour, and deployment time can be shortened from two to three days to one to two hours. Our systems also demonstrate improved tolerance to environmental changes. Overall, our embodied AI technologies enable robots to operate more flexibly and efficiently by transitioning from fixed, pre-programmed execution to adaptive, real-time decision-making.

Control Technology

Our control technology capabilities encompass motion planning, trajectory interpolation, drive and motor control, distributed Input/Output ("**I/O**") control, Ethernet for Control Automation Technology ("**EtherCAT**") bus communication, and sensor integration. We have developed a fully proprietary, localized general-purpose motion control platform that integrates motion control, PLC logic, and network control into a unified hardware and software architecture. This platform supports rapid adaptation to different downstream application requirements across industrial robots and automation systems and injection equipment.

Robotics Application (The X5 Robot Control System)

To support the integration of AI with industrial robotics, we have developed and launched the X5 Robot Control System based on a new-generation control platform. The X5 Robot Control System is built on a domestic controller platform compatible with the openEuler operating system, enabling a localized and scalable foundation for intelligent robotic applications. The system applies virtualization and containerization technologies to achieve layered decoupling between software and hardware. Through standardized interface design and the opening of application process modules, RGM interfaces and multi-language API toolkits, the system lowers the development threshold for users and facilitates flexible application development and secondary customization. This design enhances usability and supports broader adoption of intelligent robots across diverse industrial scenarios. Additionally, the system is designed based on a cloud–edge–end collaborative architecture, enabling real-time and accurate transmission of device-side data to edge and cloud layers. It supports data integration and interaction between AI models and physical robotic hardware, ensuring accurate execution of inference-driven motion control and providing an open ecosystem for the deployment and expansion of AI applications in industrial environments.

Injection Molding Application (The TMCP Series)

We have deployed our proprietary TMCP Series controllers across our injection molding machines. These controllers facilitate comprehensive data interconnection and interoperability between the injection molding machine and peripheral equipment, including our proprietary robotic arms, mold temperature controllers, chillers, and "three-in-one" auxiliary units. They also support the establishment of integrated and standardized injection molding production lines, and this connectivity creates a digitized production chain, allowing for centralized equipment management and enhanced operational intelligence for our customers.

Servo Drive Technology

Servo drives are the "muscle" of our equipment, directly controlling the position, speed and torque of moving parts. We develop our servo drive technologies to align with the mechanical characteristics and dynamic requirements of specific equipment, particularly robotic systems operating under high-speed and high-precision conditions. Accordingly, our servo drive technology focuses on the specific mechanical characteristics and dynamic requirements of particular equipment, and we conduct in-depth customized development of high-speed, high-precision and high-response control algorithms tailored to such equipment, thereby enabling the motion control of industrial robots, injection molding equipment and CNC machine tools to achieve optimal control performance.

Through techniques such as parameter identification, automatic tuning and vibration suppression, we further optimized our servo drive systems to maintain stability and end-effector positioning accuracy. This system-level matching approach enables our servo

drive systems to operate in close coordination with control algorithms and mechanical structures. Moreover, we have developed proprietary servo control technology, which is tailored for different application scenarios, including high-performance "drive-and-control" integrated cabinets for industrial robots, cost-effective multi-axis integrated drives for Cartesian coordinate manipulators, and hydraulic servo drives featuring high-response pressure closed-loop control specifically engineered for the hydraulic processes of injection molding. These application-oriented designs support compact system integration, reliable long-term operation and efficient deployment across our product portfolio.

Vision Systems

Our vision systems use mathematical models to interpret images, extract data and guide mechanical execution. Our visual system technologies overcome significant technical barriers in image processing, including adaptive pyramid image layering for correlation matching, image registration, instruction set acceleration, and OMP parallel processing. These breakthroughs provide the underlying data structure and algorithmic foundation for our autonomous equipment. Our vision systems are integrated into our automation equipment and robotic workstations to perform: (i) guidance and positioning, including high-precision alignment for optoelectronic components, film lamination and multi-camera guidance for SCARA, six-axis and other robots in pick-and-place operations; (ii) defect inspection through automated optical inspection for screen printing, pad printing and soft-pack battery defects; and (iii) measurement, including precision dimensional measurement and code recognition.

RESEARCH AND DEVELOPMENT

We focus our R&D efforts on developing cutting-edge technologies and advanced manufacturing processes to meet the evolving demands of our end customers in high-growth sectors. Our R&D activities are designed to enhance our product performance, optimize our manufacturing efficiency and expand our portfolio of high-value, differentiated products.

R&D team

As of March 31, 2026, our R&D team consisted of 803 employees, accounting for 37.8% of our total employees. Our team focuses on the development of three core automated manufacturing equipment and components: industrial robots, injection molding equipment and auxiliary equipment, and CNC machining centers, comprehensively covering key technologies such as control technology, servo drive technology, and vision system.

Structured R&D Approach and Process

We have established a structured R&D approach to systemically manage our R&D activities across different departments. Set forth below are key aspects of our R&D approach:

R&D Process	Description
Product Concept and Feasibility Assessment	Defining product concepts, value propositions and core functional requirements based on market analysis, followed by assessments of technical feasibility, supply chain readiness, regulatory considerations and preliminary commercial viability.
Product Planning and System Design	Defining product positioning, functional scope and performance objectives, and translating them into an overall system design, modular structure and interface standards to support efficient development, scalability and consistent product implementation.
System Integration, Prototyping and Validation	Integrating hardware, software and structural modules, fabricating engineering prototypes and conducting comprehensive system-level testing, including functional, performance, environmental and reliability tests, with independent validation against predefined specifications.
Pilot Production and Customer Validation	Performing trial production runs to validate manufacturing processes, production lines, supply chain readiness and quality control systems, and engaging selected customers for validation testing in practical application scenarios.

R&D Process	Description
Mass Production and Market Launch	Approving mass production based on quality, cost and delivery readiness, scaling up manufacturing capacity, and executing go-to-market activities, including product delivery, sales support and after-sales service arrangements.

R&D Collaboration

Besides in-house R&D, we occasionally conduct collaborative R&D projects with universities, research institutions and selected companies along the industry value chain. These collaborations primarily target the advancement and industrialization of critical technologies, including industrial control systems, real-time and embedded operating systems, intelligent robot control and drive-control integration, while supporting the localization, reliability and practical application of such technologies. Such collaborative projects typically accelerate product development, enhance product performance and usability, and support the deployment of flexible and efficient manufacturing solutions. In all cases, we seek to retain sufficient rights to commercialize the technologies and products attributable to us under the relevant cooperation projects to support our long-term development. Key contractual terms of our intellectual property cooperation agreements include that any technologies, results or intellectual property independently developed or completed by a party in connection with the cooperation project shall be owned by the respective developing party. Background intellectual property owned by each party prior to the commencement of the cooperation shall remain the property of the respective party and shall not be altered by the implementation of the project.

Key R&D Projects

We have been continuously investing in advanced automation and control technologies to strengthen our core competitiveness across industrial robots, automation systems, injection molding equipment, CNC machining centers and related integrated solutions. Our principal R&D initiatives aim to enhance the autonomy of key components, improve overall system performance and expand industrial application scenarios. We are committed to developing next-generation technologies, including heterogeneous SoC-based control, large model-integrated motion control platforms and integrated drive-control robotic systems.

Flexible Intelligent Sorting Workstation

We are developing a flexible intelligent sorting workstation that integrates artificial intelligence technologies to address sorting and placement requirements for multi-variety and small-batch materials. The workstation adopts a modular hardware architecture and combines edge computing with cloud-based data collaboration, enabling AI-based material recognition and intelligent placement. By integrating vision sensors, robotic arms and control systems, it can adapt to variations in material characteristics and improve sorting accuracy and efficiency. The project has completed prototype development and initial testing, and is expected to be applied primarily in injection molding and related manufacturing scenarios involving frequent product changeovers.

Energy Regeneration Technology for Robotic Power Systems

In response to increasing energy efficiency requirements in manufacturing industries, we are developing energy regeneration technologies for robotic control cabinet power systems. Traditional robotic systems dissipate regenerative energy during motor braking through resistors, resulting in energy loss and heat generation. We are developing hardware designs and control algorithms for energy regeneration modules to improve energy efficiency and support more sustainable robotic operations. The project has passed internal TR3 review, with key progress in hardware architecture and core algorithm development.

PRODUCTION

Production Capabilities

During the Track Record Period, the majority of our manufacturing was conducted in house.

Our Production Base

As of March 31, 2026, we operated a production base in Dongguan, Guangdong Province with a total gross floor area of approximately 252,985.4 sq. m. These facilities are situated at No. 35, Lianhuan Road, Daling Mountain Town. This centralized production hub is dedicated to the manufacture of industrial robots, injection molding equipment, and CNC machining centers. In March 2024, we relocated our subsidiary, Dongguan AFMING's manufacturing operations to our current production base in Dongguan (the "**Relocation**"). The Relocation was undertaken to address capacity constraints at the former premises, which had become insufficient to support Dongguan AFMING's growing production requirements, and to consolidate operations into a larger facility to better accommodate our expansion needs.

Our Production Capacities

The following table sets forth the details of the production capacity, production volume and utilization rate by key product categories for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
Industrial Robots				
Production capacity[1]	8,399	11,365	15,670	2,701[3]
Production volume	7,128	10,113	13,100	2,256
Utilization rate (%)	84.9%	89.0%	83.6%	83.5%
Injection Molding Equipment				
Production capacity[1]	14,230	19,305	26,754	5,738[3]
Production volume	11,911	17,101	24,047	5,350
Utilization rate (%)	83.7%	88.6%	89.9%	93.2%
CNC Machining Centers (CNC)				
Production capacity[1]	372	363[2]	404	107[3]
Production volume	314	260	300	79
Utilization rate (%)	84.3%	71.7%	74.2%	73.8%

Notes:

(1) Production capacity in 2023, 2024 and 2025 is calculated assuming that all production lines operate 12 months per year and on the basis of 25 days per month and 10 hours per day; and to account for the national holidays in February, production capacity for the three months ended March 31, 2026 is calculated assuming that all production lines operate three months on the basis of 22 days per month and 10 hours per day.

(2) The decrease in our production capacity of CNC machining centers from 372 units in 2023 to 363 units in 2024 was primarily attributable to the relocation during 2024. During the relocation period, the utilization of production personnel temporarily declined and certain production processes and equipment had not yet fully resumed normal operating conditions.

(3) Our production capacity of industrial robots and injection molding equipment for the three months ended March 31, 2026 was lower than one-fourth of the annual production capacity in 2025, primarily due to fewer scheduled operating days in the first quarter of 2026 and lower employee attendance rates surrounding the national holidays in February 2026.

Our Production Process

We operate an integrated production model that covers key stages from component procurement to final assembly and quality assurance. Our production base is comprised of dedicated production lines for different product categories. Each category of production line is designed to support both standardized mass production and flexible, customized manufacturing.

Procurement and Incoming Inspection

Our production activities generally begin with the sourcing of key components and raw materials such as controllers, servo systems, precision machined components, sheet-metal parts and electronic modules. We procure them from qualified suppliers that meet our procurement and quality requirements. Incoming materials undergo inspection designed before entering our production lines.

We primarily develop in-house our core algorithms, application process packages and control software across our major product lines. Our in-house development efforts focus on motion control algorithms, process optimization and system integration, which form the foundation of our core technological capabilities and differentiated competitive advantages.

With respect to hardware components, we adopt a combination of in-house development and external procurement, and the extent of external procurement varies by product type. For our 5-axis linkage CNC machining centers, we develop core algorithms and application process packages in-house, while controllers and servo drives are externally procured. For our injection molding machines, core algorithms are developed in-house; controllers are primarily self-developed, except for certain large hydraulic models where controllers are externally sourced; and servo drives are externally procured. For our industrial robots, we develop core algorithms in-house and self-develop controllers for our X1 and X5 series, while approximately 95% of servo drives are externally sourced, primarily to leverage cost-efficient and industry-proven components while maintaining overall system performance and reliability. For our cartesian robots, both core algorithms and controllers are self-developed, and approximately 90% of servo drives are self-developed, as our in-house solutions are better tailored to our system requirements and enable more consistent performance compared to externally available alternatives. For our automation system business, we develop application software and control programs in-house, while controllers are procured in the form of external PLCs and servo drives consist of industry-standard products sourced from external suppliers.

CNC machine tools differ from our other products in that high-end five-axis machines impose particularly stringent requirements on control and servo performance, including nanometer-level interpolation, high dynamic response, multi-axis coordination and full closed-loop precision control, which directly affect machining accuracy, surface quality and efficiency. As we primarily target high-end applications such as aerospace and precision mold manufacturing and the machining of complex metal components for humanoid robots, customers generally require compatibility with established high-end CNC systems to meet process and certification standards. The external procurement of mature control and servo systems for such products enables us to ensure precision and stability while concentrating our resources on mechanical structure design and system integration. For our other product segments, externally procured items mainly consist of standardized products with general market specifications or products required only for small-batch application needs.

Machining, Fabrication and Subsystem Assembly

Following material acceptance, we conduct machining, fabrication and subsystem assembly based on product characteristics. For precision components such as robot joints and drive modules, we utilize CNC machining and automated equipment to ensure accuracy and consistency. For injection molding equipment, mechanical, hydraulic and electrical systems are assembled in parallel in accordance with standardized workflows.

Final Assembly and Integration

Final assembly integrates mechanical structures, drive systems, control units and software into complete units. We perform functional testing, safety checks and calibration procedures, including load testing and system validation, to ensure operational stability. For robots and CNC systems, controller configuration, communication testing and software debugging are also conducted.

Quality Assurance and Final Acceptance

Finished products undergo final inspection and acceptance before delivery. Throughout the process, we implement quality control, traceability and continuous improvement measures to enhance manufacturing efficiency and product reliability.

Our Production Expansion Plan

We plan to further boost our overall production capacity progressively by expanding our production base. Such expansion is primarily intended to support the manufacturing of new product categories under our CNC machining centers. The following table summarizes details of our key production expansion plans.

Production Base	Major Product(s) Category	Maximum Annual Production Capacity	Expected Operation Year
Lianping Tanshan Industrial Park, Daling Mountain Town, Dongguan	CNC Machining Centers	3,900 units	2027

Our increase in production capacity is planned for the introduction of new product types. Our existing 5-axis CNC machining centers are high-end, customized equipment primarily used in aerospace, precision moulding and new energy vehicle applications, as well as for the machining of complex metal components for humanoid robots, characterized by small-batch production and high unit prices. By contrast, the new CNC machining center we intend to produce relates to standardized precision engraving machines and grinding machines targeting the 3C and semiconductor industries, with different technical specifications, market positioning and production models. Accordingly, the planned capacity expansion corresponds to the demand of the new product types.

Outsourced Manufacturing

We engage qualified third-party manufacturers to undertake limited outsourced processing tasks during the Track Record Period, primarily involving component or module assembly, testing and packaging. We have established a structured management framework to ensure the quality and reliability of outsourced production. Outsourced manufacturers are required to undergo a formal qualification process prior to approval, which typically includes qualification review, on-site audits, sample verification and small-batch trial runs. Approved manufacturers are subject to ongoing tiered management and periodic performance evaluations, jointly conducted by our engineering, planning, quality, logistics and outsourcing management teams.

Our outsourced manufacturing arrangements are generally conducted on an order-by-order basis, with purchase orders placed as needed. Processing fees are determined based on mutually agreed quotations and are typically settled by bank transfer. We grant outsourced manufacturers a limited and non-transferable right to use our intellectual property solely for order fulfillment purposes, subject to confidentiality obligations. Outsourced manufacturers generally provide a warranty covering processing quality for a limited period, and we may terminate the relevant arrangements in the event of material breach, insolvency or failure to meet our operational or compliance requirements.

QUALITY CONTROL

We are committed to maintaining the highest level of quality across our products. Our comprehensive quality management system ensures full lifecycle quality control. Our quality policy serves as the foundation for all quality-related activities and is guided by the principles of employee involvement, overall quality control, fulfillment of customer quality needs, and systematic continuous improvement toward the "zero-defect" objective. Our quality control team is equipped with advanced inspection instruments and is responsible for formulating, managing and supervising our quality control system. All employees in the quality control team have completed training in quality management systems and regularly undergo training on quality management regulations.

Quality Control over Procurement

We enforce strict supplier audits, evaluating potential partners based on quality track record and regulatory compliance. Only raw materials that pass our qualification and certification process are approved. Throughout the procurement cycle, we maintain full-process quality management, ensuring that all raw materials meet our specifications and environmental compliance standards. We implement multi-layered quality checks, from incoming material inspections to critical material sealing procedures. This proactive approach enables us to minimize quality risks, strengthen supplier accountability, and ensure stable supply chain performance.

Quality Control over Production

We have established a comprehensive quality control system across various stages of our production. Our quality control staff conduct routine inspections and periodic sample checks throughout the entire production process. Our quality control measures include: (i) Quality standards and inspection planning: We formulate and release quality standards and inspection plans; (ii) Incoming material: We perform routine inspections of incoming materials to ensure that only qualified components enter the production line; (iii) In-process monitoring: We conduct in-process quality control patrol inspections, process-wide inspections, and quality control point checks; (iv) Finishedproduct inspection: We conduct inspections and routine reliability tests; and (v) Post-production assurance: We implement re-inspections of inventory and continuous monitoring measures to further strengthen the reliability of our products before delivery.

SALES AND MARKETING

Our sales and marketing strategy focuses on expanding market coverage, strengthening customer relationships and enhancing brand visibility in both domestic and overseas markets. During the Track Record Period, we expanded our sales network and optimized our channel structure. We primarily adopt a direct sales model, supplemented by a limited number of distributors, to serve customers across industries and regions. Leveraging our domestic presence and overseas expansion, we provide pre-sales consultation, technical support and after-sales services, while continuing to enhance our marketing efforts through industry exhibitions, digital channels and ecosystem collaborations to support sustainable business growth.

We have engaged in technical exchanges, scenario validation and discussions regarding potential cooperation opportunities with Huawei. As of the Latest Practicable Date, no transaction or transaction amount had arisen from such potential cooperation, and such interactions had not had any impact on our business operations or financial performance.

Our Sales Network

We are actively expanding into the global market. As of March 31, 2026, we have established 33 offices in Chinese Mainland. We have successively established branches in Vietnam and Mexico, and customer service centers in Thailand and Indonesia, gradually enhancing our competitiveness in overseas markets.

Our Sales Channel

Our Direct Sales

Under our direct sales model, we engage customers through our in-house sales and technical teams, who work closely with end-users to understand their production needs and provide tailored product configurations and automation solutions. This model enables us to closely monitor pricing, product quality, delivery schedules and after-sales services. During the Track Record Period, revenue generated from direct sales amounted to RMB4,340.3 million, RMB2,677.9 million, RMB2,351.3 million and RMB513.2 million, respectively, representing 95.3%, 93.3%, 93.7% and 95.5% of our total revenue in the corresponding year/period, respectively.

Salient terms of our typical direct sales agreements are as follows:

- *Term and Termination:* Our customers generally make purchases from us on an order-by-order basis. Termination may occur by mutual agreement or by either party upon prior written notice under specified events, including insolvency, material breach, or change of control, with the terminating party, if at fault, paying liquidated damages.
- *Pricing Policy:* We sell our products to direct sales customers at mutually agreed prices, determined by reference to agreed bills of materials and inclusive of installation and related costs, if applicable.
- *Payment and Credit Term:* We generally require our direct sales customers to pay upon mutually agreed terms, which could incorporate requests such as paying certain amounts in advance, or retention of titles before full payments. Generally, credit periods of up to six months are granted, subject to mutual agreement. For the non-injection molding intelligent energy and environmental projects business, payments are typically made based on project milestones, with payments tied to the completion of specific stages of the project.
- *Purchase Amount:* Quantities, prices and VAT rates are specified in individual purchase orders.
- *Delivery and Transfer of Risks:* For domestic sales, freight, insurance and risks during transit are generally borne by us. Products are considered to be delivered upon arrival at the agreed delivery location, and risk of losses will be transferred to customers. For overseas sales, delivery is generally conducted on a FOB basis, pursuant to which the risk of loss will be transferred to customers when products are loaded onto at designated ports of shipment, unless otherwise agreed between the parties.
- *Project Implementation, Installation and Acceptance:* While our standard product sales are generally completed upon delivery and transfer of risks, certain business lines involve additional implementation, installation, testing and acceptance procedures. For our automation system business, contracts generally include installation arrangements following delivery. Final acceptance is conducted after installation and testing are completed, based on agreed technical specifications, and may be deemed accepted if no objection is raised within a specified acceptance period. For our non-injection molding intelligent energy and environmental projects business, contracts typically provide for staged inspection and acceptance, including sub-section acceptance and final completion acceptance. Project completion and customer acceptance are key milestones for confirming performance obligations and project completion, and in certain cases, acceptance may be deemed completed if the customer fails to respond within a prescribed period or has put the project into use.
- *Confidentiality and IP Protections:* Both parties are restricted from disclosing confidential information of the other contractual parties. All business or technical data supplied by us remain our exclusive intellectual properties. Customers may not copy, de-compile, reverse-engineer, print, transmit or disclose such materials to any third party without our prior written consent.

- *Product Warranty:* We typically provide warranties up to 12 months from the date of equipment delivery. During the warranty period, we provide free maintenance and repair services for our equipment, except for intentional damage by customers, normal wear and tear, or other circumstances excluded under the applicable warranty terms.

Our Distributors

During the Track Record Period, we also distributed our products through distributors to supplement our direct sales channels in both domestic and overseas markets. Such distributor sales covered various product categories, with a larger proportion attributable to CNC machining centers. We maintain seller and buyer relationships with distributors. We primarily adopt the distributorship in regions or application scenarios where distributors possess established local market access, customer resources or after-sales service capabilities. Our distributors typically assist in product promotion, customer identification and development, and provision of localized sales support and after-sales services. We believe that such arrangements enable us to expand market coverage, enhance customer responsiveness and improve sales efficiency without materially increasing our fixed sales and service costs. Revenue from sales to distributors is recognized upon delivery of products to the distributors and the transfer of control in accordance with our revenue recognition policies. We do not recognize revenue based on distributors' subsequent resale to end-customers. We typically do not allow product returns except for cases involving verified quality defects. The following tables set forth the revenue, gross profit and gross profit margins by sales channel.

	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)			
Direct Sales	4,340,327	95.3	2,677,895	93.3	2,351,292	93.7	334,211	92.3	513,230	95.5
Distribution	212,379	4.7	193,741	6.7	158,789	6.3	27,803	7.7	24,453	4.5
Total	**4,552,706**	**100.0**	**2,871,636**	**100.0**	**2,510,081**	**100.0**	**362,014**	**100.0**	**537,683**	**100.0**

	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)			
Direct Sales	735,975	17.0	358,204	13.4	658,303	28.0	107,451	32.2	166,984	32.5
Distribution	67,184	31.6	60,902	31.4	50,918	32.1	8,809	31.7	7,725	31.6
Total	**803,159**	**17.6**	**419,106**	**14.6**	**709,221**	**28.3**	**116,260**	**32.1**	**174,709**	**32.5**

The following table sets forth the movement in the number of our distributors for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,
	2023	2024	2025	2026
As of the beginning of the period	62	66	92	89
Additions of distributors	29	42	24	11
Termination of distributors	25	16	27	50[(1)]
Net increase/(decrease) of distributors	4	26	(3)	(39)
As of the end of the period	66	92	89	50

Note:

(1) The number of terminated distributors increased in the three months ended March 31, 2026 primarily because we count a distributor as terminated if no revenue is recognized during a year/period. The lack of revenue recognized from them during this period was due to the timing of product delivery and customer acceptance.

We discontinued business relationships with certain distributors during the Track Record Period primarily due to (i) our strategic adjustments in our distribution network for improved efficiency, (ii) their failure to meet sales target, and (iii) change of their business scope or focus stemming from personal reasons. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with our distributors. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties.

We typically enter into a standard distribution agreement with distributors. Key contractual terms of our distribution agreements include the following:

- *Duration:* The term of our agreement is typically one year.
- *Credit Terms:* We generally require our distributors to pay a portion of the contract amount in advance. The remaining amount is typically settled on credit terms of up to three months from the billing date.
- *Sales Target:* We set sales targets for our distributors. If a distributor fails to meet the applicable sales targets, we may, at our discretion, terminate or not renew the relevant distribution agreements.
- *Designated Sales Territory:* Exclusive geographic areas are designated to avoid regional overlap and cannibalization.
- *Pricing Policy:* Product prices are generally agreed in advance with distributors and may be adjusted through mutual consultation in response to material changes in raw material costs during the cooperation period.
- *Termination:* We may unilaterally terminate cooperation for breaches including cannibalization, confidentiality, malicious damage to our reputation, engagement in competitive business or sustained underperformance, with a formal notice and compliance with contract exit terms.

Distributor Selection and Management

We adopt a structured approach to the selection and management of distributors, focusing on candidates with relevant industry experience, local market presence and operational capabilities. Our distributor network is organized on a regional basis and overseen by designated regional managers responsible for performance monitoring and operational support. In assessing distributors, we consider factors such as business credentials, reputation, financial condition and compliance history. Given the immaterial revenue contribution from distributors during the Track Record Period, we believe our exposure to channel-related risks is limited. To mitigate such risks, we have implemented internal control measures, including demand-driven inventory management, monitoring of inventory turnover and sell-through performance, defined territorial and product authorizations, and standardized compliance requirements supported by ongoing communication and reporting mechanisms.

Former Employee Distributor

During the Track Record Period, a small number of our distributors were established and controlled by certain former employees of our Group. Such distributors were established after relevant individuals have departed from our Group and were formed based solely on their own independent business decisions and personal commercial interests. To the best of our knowledge, the terms and conditions of our commercial arrangements with such distributors were substantially the same as those applicable to our other distributors, and no preferential treatment was granted. During the Track Record Period, the aggregate revenue generated from distributors controlled by former employees amounted to RMB18.4 million, RMB28.8 million, RMB31.3 million and RMB6.0 million, respectively, representing 0.4%, 1.0%, 1.2% and 1.1% of our total revenue for the corresponding period, respectively. Save as disclosed above, besides the ordinary course distribution arrangement with us, there was no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates.

Pricing

We price our products considering a variety of factors, primarily including (i) customer demands, (ii) raw material costs, (iii) product customization and (iv) competitive landscape of the markets. We adjust the final pricing based on the specific client on a case-by-case basis.

Marketing

As of March 31, 2026, our sales and marketing team consisted of 332 employees. Our sales and marketing team is responsible for identifying market opportunities, analyzing industry trends, and managing client relationships. Its strategic focus on strengthening long-term partnerships with existing customers while actively expanding outreach to potential clients. Offline marketing initiatives primarily include participation in major industry exhibitions and conferences, both domestically and overseas, where we showcase our products and connect with potential clients. Domestically, we participate in major industry events such as China International Plastics and Rubber Industry Exhibition and Topstar Global Open Day. For overseas market expansion, we participate in international industry exhibitions through third-party agents, including plastic and rubber exhibitions in Thailand and Vietnam, as well as the FBC ASEAN exhibition in Vietnam, to promote our products and broaden our international market presence. Online marketing efforts are centered around targeted promotions through our official website, social media accounts, and collaborations with third-party media platforms, aimed at expanding our brand reach and increasing market awareness.

OUR CUSTOMERS

In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our five largest customers in each year/period amounted to RMB1,683.4 million, RMB1,251.4 million, RMB1,037.1 million and RMB320.1 million, respectively, accounting for 37.0%, 43.6%, 41.3% and 59.5% of our total revenue in the same periods, respectively. Revenue from our largest customer in each year/period of the Track Record Period accounted for 10.0%, 14.5%, 20.3% and 49.1% of our total revenue, respectively. During the Track Record Period and up to the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or, to the knowledge of our Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest customers. All of our five largest customers during each year/period of the Track Record Period were Independent Third Parties. The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Rank	Customer	Sales Amount	Percentage of Total Revenue	Products/Services Purchased	Credit Terms	Business Relationship Since
		(RMB'000)	*(%)*			
Year Ended December 31, 2023						
1	Customer A[(1)] . . .	456,555	10.0	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2021
2	Customer B[(2)] . . .	368,452	8.1	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
3	Customer C[(3)] . . .	348,000	7.6	Industrial robots and automation systems	Generally due up to six months from the date of billing	2016
4	Customer D[(4)] . . .	291,515	6.4	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2013
5	Customer E[(5)] . . .	218,861	4.8	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
Total		**1,683,383**	**37.0**			

Rank	Customer	Sales Amount	Percentage of Total Revenue	Products/Services Purchased	Credit Terms	Business Relationship Since
		(RMB'000)	*(%)*			
Year Ended December 31, 2024						
1	Customer C[3]	415,864	14.5	Industrial robots and automation systems	Generally due up to six months from the date of billing	2016
2	Customer E[5]	336,843	11.7	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
3	Customer D[4]	192,925	6.7	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2013
4	Customer F[6]	176,033	6.1	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
5	Customer G[7]	129,744	4.5	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
Total		**1,251,409**	**43.6**			

Rank	Customer	Sales Amount	Percentage of Total Revenue	Products/Services Purchased	Credit Terms	Business Relationship Since
		(RMB'000)	*(%)*			
Year Ended December 31, 2025						
1	Customer C[3]	510,426	20.3	Automation systems	Generally due up to six months from the date of billing	2016
2	Customer D[4]	398,123	15.9	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2013
3	Customer E[5]	58,401	2.3	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2023
4	Customer H[8]	36,504	1.5	CNC machining centers	Generally due up to six months from the date of billing	2024
5	Customer I[9]	33,679	1.3	Automation systems	Generally due up to six months from the date of billing	2023
Total		**1,037,133**	**41.3**			

Rank	Customer	Sales Amount	Percentage of Total Revenue	Products/Services Purchased	Credit Terms	Business Relationship Since
		(RMB'000)	*(%)*			
Three Months Ended March 31, 2026						
1	Customer C[3]	264,151	49.1	Automation systems	Generally due up to six months from the date of billing	2016
2	Customer D[4]	27,941	5.2	Intelligent energy and environmental projects	Generally due up to six months from the date of billing	2013
3	Customer J[10]	12,963	2.4	Injection molding equipment	Generally due up to six months from the date of billing	2025
4	Customer K[11]	8,124	1.5	CNC machining centers	Generally due up to six months from the date of billing	2025
5	Customer L[12]	6,968	1.3	Industrial robots	Generally due up to six months from the date of billing	2019
Total		**320,147**	**59.5**			

Notes:

(1) A Shenzhen-listed joint stock limited company, headquartered in Hebei, China, with a registered capital of RMB3,309.7 million, specializing in the research, development, manufacturing, and sales of high-efficiency solar wafers, cells, and modules, serving residential, commercial, and utility-scale solar markets with a vertically integrated PV production chain.

(2) A state-owned enterprise, headquartered in Hunan, China, with a registered capital of RMB2,577.3 million, engaged in building construction, infrastructure development, general contracting, and related engineering services across Chinese Mainland and overseas.

(3) A limited liability company, headquartered in Guangdong, China, with a registered capital of HK$7162.1 million, specializing in smart device exterior structures and optical module solutions. Its products are applied in smart digital devices, wearable devices, AR/VR glasses, and the automotive sector, covering mobile glass cover plates, metal housings, touch and fingerprint sensing modules, camera optical glass, sapphire watch panels, and ceramic components.

(4) A Shenzhen-listed Sino-foreign joint stock company, headquartered in Guangdong, China, with a registered capital of RMB7,247.4 million, focused on manufacturing advanced connectors and electronic components for consumer electronics, communications equipment, and automotive electronics, and supporting global smart manufacturing and supply chain solutions.

(5) A China-based multinational group, headquartered in Sichuan, China, with a registered capital of RMB200.0 million, specializing in high-purity polysilicon, high-efficiency solar cells and modules, and the development of renewable energy projects, actively promoting sustainable energy solutions.

(6) A limited liability company, headquartered in Jiangsu, China, with a registered capital of RMB1,512.8 million, specializing in solar energy, with engagement in the research, manufacturing, and application of high-efficiency solar cells.

(7) A Shanghai-listed joint stock company, headquartered in Jiangsu, China, with a registered capital of RMB2,342.6 million, specializing in providing photovoltaic solutions, with offerings covering solar modules, energy storage products, system solutions, and digital energy services, committed to the development of smart and sustainable energy systems.

(8) A state-owned holding limited company, headquartered in Beijing, China, with a registered capital of RMB5,000.0 million, specializing in the research, design, development, manufacturing, and servicing of aircraft engines, gas turbines, and related propulsion systems for civil and defense aviation sectors.

(9) A limited liability company, headquartered in Anhui, China, with a registered capital of RMB1,800.0 million, engaged in the research, development, manufacturing and sale of lithium-ion batteries for power and energy storage applications, and dedicated to supporting new energy vehicle platforms and distributed energy systems.

(10) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB100.0 million, specializing in energy management contracting and battery manufacturing, with additional operations covering power electronics, communication equipment, electronic components and related industrial products.

(11) A limited liability company, headquartered in Guangdong, China, with a registered capital of RMB10.0 million, specializing in the manufacturing of precision hardware products, molds, and mechanical parts and components, with additional engagement in general equipment manufacturing, electronic components, and industrial engineering design services.

(12) A provider of electronic manufacturing services, offering design, manufacturing and supply chain services covering consumer electronics, cloud and networking products, computing products and key components, with operations extending to automotive electronics, new energy and semiconductor sectors across Chinese Mainland, Southeast Asia, and other regions.

Third-Party Payment

Background and Reasons

During the Track Record Period, a small number of customers (the "**Relevant Customers**") settled transactions with us through the accounts of third parties other than the contractual counterparties under the corresponding sales and purchase agreements or relevant parties who assumed unlimited personal liabilities for the payment obligations thereunder (the "**Third-Party Payment Arrangements**"). During the Track Record Period, the third parties designated by the Relevant Customers under the Third-Party Payment Arrangements were primarily designated to meet the Relevant Customers' internal settlement needs. The third-party payors were related to the Relevant Customers and included, among others, corporate customers such as legal representatives, employees and other related parties, as well as individual business owners such as relatives other than the spouse of the operator, and other affiliated enterprises. As confirmed by Frost & Sullivan, it is not uncommon to settle transactions by such Third-Party Payment Arrangements for convenience and flexibility. In 2023, 2024, 2025, the aggregate amount they settled under the Third-Party Payment Arrangements was less than 0.5% of our total revenue in each period, respectively.

None of the Relevant Customers had made material contribution to our revenue during the Track Record Period. To the best of our knowledge, none of the third-party payors designated by the Relevant Customers is our connected person, and all third-party payors are independent from each of our Directors, senior management, and the Single Largest Shareholder. During the Track Record Period, our Directors confirm that (i) we had not proactively initiated any Third-Party Payment Arrangements or participated in any of such arrangement in other forms, (ii) we had not provided any discount, commission, rebate, or other benefit to any of the Relevant Customers to facilitate or incentivize the Third-Party Payment Arrangements, (iii) the pricing and payment terms of the agreements we entered into with the Relevant Customers were generally in line with customers not involved in the Third-Party Payment Arrangements under similar scenarios, and (iv) the Third-Party Payment Arrangements have been recorded completely and accurately in our accounting books and records in all material respects.

During the Track Record Period, for payments received from the designated third-party payors, we required the Relevant Customers to provide us with the relevant information. Only until we have confirmed that the information submitted by Relevant Customers is consistent with the orders we received, our financial staff were allowed to recognize payments from designated third-party payors of the Relevant Customers and our business staff were allowed to ship our products to the Relevant Customers. We also had Know-Your-Customer procedures in place to have a comprehensive understanding of our customers. Our sales personnel collect information such as registration time, registered capital, operational risk, and the risk level of the client's country when entering new clients into the system, which then automatically assigns a credit rating based on these factors. Based on the above, we have no basis to believe that the Relevant Customers are involved in fraudulent or money laundering activities, nor any reason to suspect that the Third-Party Payment Arrangements involve proceeds or gains from such activities.

During the Track Record Period and up to the Latest Practicable Date, to the best of our Directors' knowledge, our Directors confirmed that (i) all settlements were based on bona fide underlying transactions and valid contractual relationships, (ii) the settlement amounts were consistent with the amounts incurred under the relevant underlying transactions, (iii) we were not aware of any instances of commercial bribery, money laundering, tax evasion, or existing or potential disputes with our Group related to the Third-Party Payment Arrangements, (iv) Relevant Customers have not claimed any interests as to any transaction payment to us through the Third-Party Payment Arrangements, and (v) we had not encountered any refund requests, actual or pending dispute or disagreement due to

Third-Party Payment Arrangements or any material claims against us in relation to the Third-Party Payment Arrangements. As advised by our PRC Legal Advisor, based on the foregoing, the Third-Party Payment Arrangements were in compliance with applicable PRC laws and administrative regulations in any material respect. To the best of our knowledge, we have not been subject to any penalties, sanctions or investigations imposed by competent authorities in connection with such arrangement in respect of money laundering, terrorist financing or other similar regulatory violations. During the Track Record Period, our Group has not been subject to any material administrative penalties imposed by the PRC tax authorities or other competent authorities in connection with the Third-Party Payment Arrangements.

We completed the establishment and rectification of the relevant internal control policies and procedures in respect of Third-Party Payment Arrangements. We ceased the Third-party Payment Arrangement on January 9, 2026. We believe that this termination has not had, and will not have, a material adverse effect on our business, liquidity or financial performance, given that (i) payment made under the Third-party Payment Arrangements represented an insignificant percentage of our total revenue during the Track Record Period, and (ii) the rectification of Third-Party Payment Arrangements did not affect the payment settlement arrangement from our Relevant Customers to us, (iii) we have not experienced any decline in sales or number of customers while our business scale continued to grow, nor have any customers altered their relationship with us as a result of the cessation of Third-party Payment Arrangement. For risks related to the Third-Party Payment Arrangements, see "Risk Factors — Risks Relating to Our Business and Industry — We face risks in connection with Third-Party Payment Arrangements by our customers."

Enhanced Internal Control

To safeguard our interest against risks associated with Third-Party Payment Arrangements, we have significantly enhanced and implemented various internal control measures. We have enhanced our Receipt Management Measures to strictly regulate third-party payments. As a general rule, payments must be made from the customer's own account; third-party payments are allowed only in the following limited circumstances and are subject to documentation, verification and internal approval: (i) the third-party payor being a designated payment entity within the customer's group, in which case the potential third-party payor must also confirm their payment obligations as a signatory to the agreement; (ii) for sole proprietorships/individual businesses, payments may be made only by the actual operator or the operator's spouse, with a business licence (operator) or household registration/marriage certificate (spouse) retained on file; or (iii) payments made through a financial institution under a financing arrangement, where the relevant contract requires the institution to remit on the customer's behalf and the remittance includes clear payment remarks identifying the customer. Payments that do not meet these requirements will not be accepted.

Additionally, we have tightened payment requirements for all transaction types, and require that payments for certain orders be made strictly on a direct, corporate-to-corporate basis, regardless of transaction size. We have ceased accepting third-party payments that do not meet our internal requirements. Any non-compliant third-party payments received are returned through the original payment channel, and customers are required to make payment directly in accordance with our policies. Our finance and accounting functions also regularly monitor collection status through centralized internal systems, track the proportion and nature of third-party payments. Sales personnel are required to maintain updated collection plans and explanations for outstanding receivables, while the finance team conducts ongoing reviews and records to ensure proper recognition and compliance.

We regularly check the effectiveness of our internal control measures in relation to the Third-Party Payment Arrangements. Based on the follow-up review on the implementation of measures, our Directors are of the view that the above measures are effective and adequate in ensuring the accuracy and completeness of our accounting books and records and preventing Third-Party Payment Arrangements and its associated risks.

OUR SUPPLY CHAIN

Procurement

We formulate our procurement plans dynamically, taking into account historical demand, sales forecasts, inventory levels, R&D needs, and market expansion strategies. Our procurement process generally includes three phases, namely, procurement planning, product manufacturing, inspection and delivery. Our procurement team develops procurement plans based on sales projections from our sales and marketing team and project demand. We also consider our inventory levels and the production schedules of our production base. Once procurement plans are finalized, we issue purchase orders to raw material suppliers pursuant to procurement plans. Raw material suppliers deliver raw materials to our production base, who then manufacture the products according to our specifications. Upon completion, our production base conducts testing and inspection, and stores the products. Our on-site quality control team closely monitors and manages the entire process to ensure adherence to our quality standards. After passing inspection, the finished products are delivered to our warehouse. We then arrange logistics based on customer's required timing and location to ensure timely delivery.

For our intelligent energy and environmental projects business line, procurement is conducted on a project-driven basis. We first formulate the overall project plan and technical solution based on customer requirements. We then identify and select appropriate suppliers to execute specific procurement and implementation tasks in accordance with the approved plan. The selected suppliers are responsible for execution and on-site implementation, while we are primarily responsible for on overall project coordination, quality control and final delivery to customers. Given the project-based nature of this business, procured items are typically delivered directly to project sites for installation.

To mitigate supply chain risks and price volatility, we closely monitor raw material costs through market trend analysis, supplier negotiations, and periodic price assessments. We strategically adjust inventory levels based on anticipated price fluctuations, ensuring an optimal balance between cost control and supply stability. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement that materially affected our operations. During the Track Record Period and up to the Latest Practicable Date, we had not adopted any hedging policies for fluctuations in the prices of raw materials.

Suppliers

Supplier Selection and Management

We typically engage reputable suppliers with proven track records to ensure product quality. We have established a supplier management system covering selection, evaluation, performance monitoring and potential disengagement to maintain supply chain stability, cost efficiency and quality compliance. Supplier selection is based on factors such as cost competitiveness, delivery reliability, quality assurance and technical capabilities, with new suppliers subject to qualification procedures including capability assessment, certification and contractual arrangements. Existing suppliers are regularly evaluated and categorized based on performance, and those failing to meet requirements may be subject to corrective actions, reduced procurement or termination. We also conduct periodic training to enhance suppliers' understanding of quality and compliance requirements.

Key Arrangements with Suppliers

We generally procure from suppliers on an order-by-order basis, and may enter into annual framework agreements to set out general terms. Purchase orders specify key terms such as product type, price, quantity and delivery schedule. Payment terms vary depending on transaction size and product type, and we typically settle payments within credit periods of 30 to 90 days. Suppliers are required to meet agreed quality standards and bear liability for defects, and must comply with our anti-bribery requirements.

Major Suppliers

Our suppliers primarily comprise manufacturers and providers of components, raw materials and auxiliary parts used in our industrial robots and automation systems, injection molding equipment, CNC machining centers, and intelligent energy and environmental projects including suppliers of raw materials such as steel, aluminum, wires and cables, as well as auxiliary parts such as sensors, pneumatic components, bearings, fasteners, connectors, electrical components and other supporting industrial parts, and other production materials. During the Track Record Period, purchases from our five largest suppliers in each year/period amounted to RMB228.0 million, RMB289.2 million, RMB285.2 million and RMB67.5 million, respectively, representing 7.2%, 12.7%, 14.7% and 20.8% of our total purchases, respectively. In addition, purchases from our largest supplier in each year/period accounted for 1.7%, 3.8%, 4.0% and 8.3% of our total purchases in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively. During the Track Record Period, none of our Directors, their respective associates, nor any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital) had any interest in any of our five largest suppliers. None of our major suppliers are our major customers and vice versa. All of our five largest suppliers during each year/period of the Track Record Period were Independent Third Parties.

Overlapping Customers and Suppliers

The following table sets forth the details of our major customers being also a supplier, and our major supplier being a customer, during the Track Record Period:

Customer/ Supplier	Ranking	Year/Period of being a customer	Revenue	% of our total revenue	Nature of revenue	Year/Period of being a supplier	Purchase	% of our total purchase	Nature of purchase	Overlapping Reason
		(Year)	*(RMB in thousands)*			*(Year)*	*(RMB in thousands)*			
Supplier A[1]	Among the five largest suppliers in 2023	The three months ended March 31, 2026	–	–	–	The three months ended March 31, 2026	–	–	–	Supplier A outsourced to us the implementation of a stereoscopic warehouse project that it had undertaken. In connection with this project, Supplier A procured our automation systems, including automated warehouse system production lines, for use in such project.Separately, we purchased certain warehousing and logistics systems from Supplier A for our own production and project implementation needs.
		2025	–	–	–	2025	1,285	0.1%	Mass-production line warehousing and logistics systems	
		2024	15	0.0%	Automation systems	2024	–	–	–	
		2023	240	0.0%		2023	44,019	1.4%		
Supplier B[2]	Among the five largest suppliers in 2024 and 2025	The three months ended March 31, 2026	251	0.0%		The three months ended March 31, 2026	2,392	0.7%	Labor services	Supplier B procured power distribution cabinets and other auxiliary equipment from us for use in its injection molding electromechanical projects. At the same time, we engaged Supplier B to provide labor services in connection with the implementation of certain electromechanical engineering.
		2025	950	0.0%	Injection molding equipment	2025	51,277	2.6%		
		2024	1,522	0.1%		2024	85,380	3.8%		
		2023	759	0.0%		2023	11,211	0.3%		
Supplier C[3]	Among the five largest suppliers in 2024, 2025 and for the three months ended March 31, 2026	The three months ended March 31, 2026	–	–	CNC machining centers	The three months ended March 31, 2026	19,935	6.1%	CNC operating systems	Supplier C purchased motors from us, which were used in its production and testing processes to better accommodate the material we supplied. At the same time, we procured CNC operating systems from Supplier C to support the operation of our CNC machining centers.
		2025	11	0.0%		2025	77,008	4.0%		
		2024	–	–	–	2024	83,258	3.7%		
		2023	–	–	–	2023	38,979	1.2%		
Supplier D[4]	Among the five largest suppliers in 2025	The three months ended March 31, 2026	–	–	–	The three months ended March 31, 2026	4,993	1.5%	Labor services	Supplier D procured fan filter unit from us for the implementation of its integrated electromechanical projects, while we procured labor services from Supplier D to support the implementation of certain projects under our intelligent energy and environmental projects business.
		2025	–	–	–	2025	47,045	2.4%		
		2024	43	0.0%	Intelligent energy and environmental projects	2024	24,715	1.0%		
		2023	–	–	–	2023	6,677	0.2%	–	

Customer/ Supplier	Ranking	Year/Period of being a customer	Revenue	% of our total revenue	Nature of revenue	Year/Period of being a supplier	Purchase	% of our total purchase	Nature of purchase	Overlapping Reason
		(Year)	*(RMB in thousands)*			*(Year)*	*(RMB in thousands)*			
Supplier E[5]	Among the five largest suppliers in 2025	The three months ended March 31, 2026	–	–	–	The three months ended March 31, 2026	1,704	0.5%	Loading and unloading machines and barcode scanning machines	Supplier E procured automation systems for their automated manufacturing equipment production needs, while we purchased loading and unloading machines and barcode scanning machines from Supplier E for our own production and project implementation needs.
		2025	102	0.1%	Automation systems	2025	63,568	3.3%		
		2024	776	0.0%		2024	16,040	0.6%		
		2023	1,096	0.0%		2023	39,087	1.2%		
Supplier F[6]	Among the five largest suppliers in 2025	The three months ended March 31, 2026	100	0.0%	Injection molding equipment	The three months ended March 31, 2026	5,115	1.6%	Labor services	Supplier F acted as our authorized distributor and procured auxiliary equipment, robotic manipulators and components from us for onward sale to its end customers. At the same time, we procured labor services from Supplier F to support certain project implementation activities.
		2025	654	0.0%		2025	46,283	2.4%		
		2024	1,956	0.1%		2024	28,440	1.1%	–	
		2023	1,152	0.0%		2023	32,686	1.0%	–	
Supplier G[7]	Among the five largest suppliers for the three months ended March 31, 2026	The three months ended March 31, 2026	33	0.0%	Industrial robots	The three months ended March 31, 2026	27,100	8.3%	Lamination and assembly machines	Supplier G procured automation systems for their production needs, while we purchased lamination and assembly machines from Supplier G for our own production and project implementation needs.
		2025	53	0.0%		2025	12,565	0.6%		
		2024	–	–	–	2024	7,850	0.3%		
		2023	–	–	–	2023	–	–	–	
Supplier H[8]	Among the five largest suppliers for the three months ended March 31, 2026	The three months ended March 31, 2026	12	0.0%	Injection molding equipment	The three months ended March 31, 2026	6,435	2.0%	Labor services	Supplier H procured electrical cabinets and related accessories from us for their injection molding electromechanical projects, while we purchased labor services from Supplier H to support certain project implementation activities.
		2025	362	0.0%		2025	11,028	0.5%		
		2024	655	0.0%		2024	11,622	0.5%		
		2023	389	0.0%		2023	11,583	0.3%		
Supplier I[9]	Among the five largest suppliers for the three months ended March 31, 2026	The three months ended March 31, 2026	300	0.1%	Injection molding equipment	The three months ended March 31, 2026	6,205	1.9%	Labor services	Supplier I procured electrical cabinets and related accessories from us for their injection molding electromechanical projects, while we purchased labor services from Supplier I to support certain project implementation activities.
		2025	257	0.0%		2025	24,738	1.2%		
		2024	840	0.0%		2024	25,613	1.0%		
		2023	–	–	–	2023	7,656	0.2%		

Customer/ Supplier	Ranking	Year/Period of being a customer	Revenue	% of our total revenue	Nature of revenue	Year/Period of being a supplier	Purchase	% of our total purchase	Nature of purchase	Overlapping Reason
		(Year)	*(RMB in thousands)*			*(Year)*	*(RMB in thousands)*			
Customer A . .	Among the five largest customers in 2023	The three months ended March 31, 2026	–	–	–	The three months ended March 31, 2026	–	–	–	Customer A, in connection with its plant renovation projects, transferred certain reusable materials arising from dismantled facilities to us for use in the electromechanical installation projects we carried out for Customer A. At the same time, we sold spare parts to Customer A as part of our normal business operations.
		2025	4,754	0.2%	Intelligent energy and environmental projects	2025	–	–	–	
		2024	–	–	–	2024	106	0.0%	Spare parts	
		2023	456,555	10.0%	Intelligent energy and environmental projects	2023	3,982	0.1%		
Customer L . . .	Among the five largest customers for the three months ended March 31, 2026	The three months ended March 31, 2026	6,968	1.3%	Industrial robots	The three months ended March 31, 2026	–	–	–	Customer L procured automation systems for their production needs, while we mainly purchased video software and the associated hardware key from them to install into our automation systems.
		2025	11,201	0.4%		2025	–	–	–	
		2024	15,525	0.5%		2024	206	0.0%	Video software, hardware key and linear guide.	
		2023	141,441	3.1%		2023	5,538	0.1%		

Notes:

(1) Supplier A is a limited liability company headquartered in Shanxi, China, and primarily engaged in the research, development, manufacture and sales of industrial robots. Its registered capital amounted to RMB100.0 million.

(2) Supplier B is a limited liability company headquartered in Guangdong, China, and primarily engaged in the research, development, design, manufacture and sales of automated manufacturing equipment and automation systems. Its registered capital amounted to RMB10.0 million.

(3) Supplier C is a limited liability company headquartered in Beijing, China, and primarily engaged in the manufacture of optoelectronic products, as well as the development of optoelectronic products, provision of installation, testing, maintenance, technical consulting and technical services for its self-produced products, and the development and production of ancillary software. Its registered capital amounted to US$27.9 million.

(4) Supplier D is a limited liability company headquartered in Guangdong, China, and primarily engaged in residential interior decoration, external contracting of construction projects and installation and maintenance services for residential water and electricity systems. Its registered capital amounted to RMB5.0 million.

(5) Supplier E is a limited liability company headquartered in Guangdong, China, and primarily engaged in the research, development and sales of automation equipment and intelligent machinery. Its registered capital amounted to RMB10.0 million.

(6) Supplier F is a limited liability company headquartered in Shanghai, China, and primarily engaged in technology development, technical services and automation control systems. Its registered capital amounted to RMB10.0 million.

(7) Supplier G is a limited liability company headquartered in Chengdu, China, and primarily engaged in software development, information system integration, and the research, development and design of industrial automation control systems. Its registered capital amounted to RMB7.0 million.

(8) Supplier H is a limited liability company headquartered in Shenzhen, China, and primarily engaged in professional technical services, including the research, development, design and sales of industrial automation control systems, water purification equipment and power distribution components. Its registered capital amounted to RMB10.0 million.

(9) Supplier I is a limited liability company headquartered in Dongguan, China, and primarily engaged in building decoration and renovation, as well as the sales and maintenance of air-conditioning and electromechanical equipment. Its registered capital amounted to RMB2.0 million.

According to Frost & Sullivan, it is common in the automated manufacturing equipment industry that a supplier of a market player may also be its customer or vice versa, due to their relatively broad range of business activities ranging from R&D, production, sales of products, as well as their participation in various stages of industrial manufacturing and engineering implementation, and the level of our Group's overlapping of customers and suppliers is not anomalous compared with the industry norm. Our products primarily serve industrial enterprises by enhancing their manufacturing efficiency and automation capabilities, while certain components and auxiliary materials used in our manufacturing activities are sourced from such enterprises as suppliers. As a result, certain industrial enterprises may simultaneously act as our customers and suppliers in our respective ordinary courses of business.

In addition, our purchases of labor services mainly arise from our intelligent energy and environmental projects business, which is more project-oriented in nature and involves on-site engineering implementation at locations designated by our customers. For certain projects under this business line, we engage external labor service providers to supply qualified construction and engineering personnel to support on-site installation, commissioning and other engineering works. Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis with their different respective group entities by responsible personnel from different departments of our Group, and the sales of products or provision of services to them and our purchases of products or procurement of labor services were neither inter-connected nor inter-conditional with each other. In certain cases, these labor service providers may also procure machinery or components from us in connection with their own engineering or equipment integration projects or for their other manufacturing or service activities.

Our Directors confirmed that there is no overlap in the products sold/purchased or services rendered/received for each of the overlapping customers and suppliers, and all of our sales to and purchases from these overlapping customers and suppliers were entered into after due consideration taking into account the prevailing purchase and selling prices at the relevant times, conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

INTERNATIONAL TRADE

During the Track Record Period, our revenue generated from overseas markets amounted to RMB502.7 million, RMB600.6 million, RMB659.8 million, RMB43.2 million and RMB142.9 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 11.0%, 20.9%, 26.3%, 11.9% and 26.6% of our total revenue for the respective periods. Among which, revenue generated from sales to the United States amounted to RMB4.4 million, RMB8.6 million, RMB0.05 million, RMB0.003 million and RMB0.37 million in 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, representing 0.1%, 0.3%, 0.0%, 0.0% and 0.1% of our total revenue for the respective periods. International geopolitical developments, including changes in international trade policies, export controls, economic sanctions and other import and export restrictions, may affect cross-border business activities. During the Track Record Period and up to the Latest Practicable Date, such factors have not resulted in any material adverse impact on our overall business operations or financial performance.

Tariffs and Trade Restrictions

Recent trade tensions, including the ongoing U.S.–China trade dispute, have resulted in the implementation of tariffs, export controls and other restrictive measures affecting goods traded between the two countries. During the Track Record Period, sales to the United States accounted for only a small portion of our total revenue, and accordingly, adjustments to U.S. tariff policies did not have a material direct or indirect impact on our financial performance. Further, we had not experienced any material order cancellations or operational disruptions that were attributable to changes in U.S. tariff policies during these periods. Therefore, we believe that the potential impact of future changes in U.S. tariff, export controls and other restrictive policies on our business operations, financial performance and long-term development outlook will remain limited.

Customs Clearance and Order Cycle

Due to enhanced export control-related procedures in certain jurisdictions, the average customs clearance time for certain of our cross-border shipments increased from approximately 3-4 days to up to 12-16 days, resulting in an extension of the overall order cycle by approximately 9-12 days. While such delays have not materially affected our ability to fulfil customer orders during the Track Record Period, they may affect delivery scheduling and short-term working capital turnover.

INFORMATION SECURITY AND DATA PRIVACY

We recognize that the confidentiality, integrity, and availability of our data are essential to our operations. We adhere to evolving data security and privacy laws and regulations, ensuring that our business and transaction data is managed with the highest standards, including Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》).

Data Collection, Usage and Transfer

Our business does not involve the collection or processing of personal information from individual consumers. We primarily collect employees' personal data necessary for employment purposes and a limited amount of contact information of customers or suppliers for business and contractual needs. We mainly process business-related data, including customer and supplier background information, transaction data and operational statistics. Data is stored locally by the relevant entity, and we do not share or transfer such data to third parties without prior consent, unless required by law or regulatory authorities. We do not engage in cross-border data transmission.

Measures Safeguarding Information Security

During the Track Record Period, for effective information and cybersecurity management, we have established internal policies and a series of procedures. Key of these internal policies and procedures include:

- ***Network Security***: Our systems are protected through the deployment of firewalls, intrusion detection and prevention tools, and endpoint protection software. Redundancy is built into our network architecture to support stable and secure data transmission. We also conduct regular monitoring of vulnerability assessments and penetration testing to identify and mitigate potential risks in a timely manner.
- ***Data Protection and Privacy***: We have established protocols for the secure handling, storage and transmission of data. These include the use of encryption technologies, role-based access controls and scheduled data backups. Access to sensitive information is restricted to authorized personnel, with permissions managed centrally by our IT department.
- ***Employee Training and Awareness***: We provide regular training programs to employees to reinforce awareness of information security responsibilities and best practices. Employees are required to comply with confidentiality obligations and internal security policies.
- ***Disaster Recovery and Business Continuity***: We maintain a disaster recovery and business continuity framework designed to minimize operational disruption in the event of unforeseen incidents. This includes daily system health checks, verification of backup integrity and periodic testing of recovery procedures.

During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations.

COMPETITION

The automated manufacturing equipment industry in which we operate is highly competitive and characterized by rapid technological evolution. Automated manufacturing equipment refers to automated manufacturing equipment integrated with software featuring data collection, data analysis, data feedback, execution and control functions, featuring higher levels of digitization and automation via embedded software. In 2024, the market size of automated manufacturing equipment market in Chinese Mainland has reached RMB1,013.9 billion.

The competitive landscape of intelligent manufacturing equipment industry in Chinese Mainland is relatively concentrated. We compete with players whose businesses include industrial robots and automation systems, injection molding equipment, and CNC machining centers. We face intense competition in areas including control algorithms, vision systems, motion control units, as well as automated production, flexible processing, and intelligent detection. We believe that our diversified product portfolio, extensive sales and distribution network, and one-stop capability to integrate software, hardware, and industrial workstations enable us to serve a broad customer base. In addition, our advanced technological capabilities, specifically in the integration of sensing, computing, and control, differentiate us from our competitors and provide us with long-term competitive advantages. See "Industry Overview."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Governance

ESG Governance

We continue to invest resources, committing to building and continuously improving an ESG governance system with clear responsibilities, efficient operations, and effective supervision, proactively adapting to the macro trend of low-carbon transition. At the same time, we systematically identify and analyze the core demands of key stakeholders and fully integrate them into our strategy, operational decisions, and execution processes. We have established an ESG governance organizational structure covering our entire Group. We adopt a top-down two-level management system, laying a solid foundation for long-term sustainable development.

The Board of Directors coordinates our Group's sustainable development efforts. It is responsible for making decisions on material ESG matters, ESG strategies and ESG targets. Its main functions include: (i) fully considering ESG factors when reviewing major transactions or strategic decision adjustments, and establishing an ESG management system; (ii) reviewing and approving the ESG report annually, as well as the disclosure of major ESG governance information; (iii) reviewing and approving material ESG matters and response plans for major ESG-related risks; and (iv) continuously participating in ESG-related skills enhancement or professional training.

The Board authorizes the management to carry out ESG management. The management establishes an ESG working group as the specific management body for ESG work. Its main functions include: (i) formulating, implementing, and reviewing ESG policies, management methods, action strategies, and measures; (ii) conducting identification and assessment of material ESG topics; (iii) identifying, assessing, prioritizing, and managing material ESG-related risks and opportunities; (iv) monitoring and evaluating our ESG performance as well as goal setting and progress; and (v) understanding the latest market trends and peer performance in ESG.

The table below summarizes the impacts of identified material ESG-related risks and opportunities and the main response measures.

ESG Risk	Potential Impact	Response Plan
Climate Change Risk	• Stricter carbon emission management requirements • Frequent occurrence of extreme weather events	➢ Establish a legal tracking mechanism to iterate carbon emission management according to relevant laws and regulations ➢ Formulate ex-ante and ex-post preventive measures based on identified climate risks
Environmental Compliance	• Production interruptions or fines caused by environmental issues • Higher environmental requirements from customers leading to increased environmental pressure	➢ Strengthen monitoring, statistics, analysis, and review of key environmental performance ➢ Continuously follow up on customer requirements for key environmental information (e.g., energy consumption, ISO, waste management requirements)
Labor Management	• Risks involving customer audits and foreign market access	➢ Carry out employment compliance management and improve human capital efficiency
Product Responsibility	• Product quality and safety is a non-negotiable standard. Product quality control risks may lead to major operational risks such as product recalls, market loss, and litigation compensation	➢ Always prioritize product responsibility in business operations ➢ Conduct full-process quality control management from design to after-sales ➢ Set key production indicators to ensure 100% compliance with key indicators
Business Ethics	• Issues such as corruption and bribery will lead to serious operational risks for the enterprise	➢ Strengthen the identification and detection of overall corruption risks to ensure clean internal operations ➢ Continuously improve the coverage and effectiveness of anti-corruption training to create a clean and upright corporate atmosphere

We have formulated various ESG targets based on 2025 levels and will continuously track and review them: (i) ensure production and office premises strictly comply with relevant national and local environmental regulations, with no major environmental violations occurring; (ii) ensure wastewater, exhaust gas, and solid waste generated during production and operations meet current national and local environmental emission standards; (iii) reduce electricity consumption intensity by 5% by 2035, compared with 2025 levels; and (iv) reduce water consumption intensity by 5% by 2035, compared with 2025 levels.

Setting the above targets will help us reduce energy and resource usage costs while avoiding direct fines resulting from environmental violations. We plan to implement the following measures to ensure the achievement of these targets: (i) implement zoned lighting control in production base and office premises, carry out air conditioning temperature regulation, and reduce power consumption; (ii) prioritize the procurement and use of water-saving equipment to continuously improve water resource use efficiency; (iii) optimize production processes and workflows, improve resource utilization efficiency, reduce resource waste, and implement the circular economy; and (iv) post promotional materials for energy saving and consumption reduction in office premises to improve employees' awareness of water and electricity conservation.

Compliance Management

We integrate ESG concepts into our compliance management system, with a governance structure comprising the Board, management and functional departments. We review applicable laws and regulations across our operations and value chain, and promote compliance through employee training and internal processes to ensure our products meet regulatory requirements and stakeholder expectations.

Business Integrity

In our operations, we strictly comply with national and local laws and regulations such as the *Anti-monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*. We have formulated special policies for different stakeholders such as employees, customers, and suppliers, building a business ethics governance framework covering the entire value chain. Regardless of the business area or organizational level involved, acts that seriously violate business ethics and legal baselines will be dealt with seriously upon discovery, and corresponding responsibilities will be pursued in accordance with our policies and national laws. We have also established a systematic and regularized integrity education and anti-corruption training mechanism, regularly conducting integrity culture cultivation and anti-corruption training for all employees. We held a total of eight anti-corruption training sessions in 2023, six in 2024, two in 2025, and three in the three months ended March 31, 2026. As of March 31, 2026, we have not been involved in any legal proceedings regarding corruption or related non-compliance incidents.

We value and are committed to maintaining smooth and secure reporting channels. We support and encourage employees and relevant parties to truthfully report suspected corrupt acts through various channels such as our dedicated reporting hotline, email, and letters. We will conduct in-depth investigations based on the clues provided. If corrupt acts are found, we will transfer relevant personnel to judicial authorities in accordance with the law. Meanwhile, we fully protect the information and legitimate rights and interests of whistleblowers, implement strict confidentiality measures for whistleblower identity and department information, and explicitly prohibit any form of retaliation or harm against whistleblowers and witnesses.

Environmental

Environmental Metrics

Metric[1]	Unit	Year Ended December 31, 2023	2024	2025	Three Months Ended March 31, 2026
GHG Emissions[2]					
Scope 1 emissions	tCO_2e	275.58	367.50	203.13	85.03
Scope 2 emissions	tCO_2e	1,902.91	3,199.67	4,747.54	584.70
Scope 3 emissions	tCO_2e	855.13	469.86	657.80	117.52
GHG emissions intensity	$kgCO_2e$/RMB'000	0.666	1.406	2.234	1.464
Resource Use					
Purchased electricity[3]	kWh	3,546,234.50	5,962,867.68	8,847,448.20	1,089,629.60
Purchased electricity intensity	kWh/RMB'000	0.779	2.076	3.525	2.027
Water consumption	Cubic meters	44,673.00	64,229.00	107,949.00	24,158.00
Water consumption intensity	Cubic meters/RMB'000	0.010	0.022	0.043	0.045
Waste					
Generation of non-hazardous waste	Kg	4,760	3,860	1,410	519
Non-hazardous waste generation intensity	Kg/RMB'000	0.001	0.001	0.001	0.001

Notes:

(1) The relevant values in the metrics are estimated numbers calculated based on the available data collected from our Group's major operating locations.

(2) The calculation of greenhouse gas emissions follows the Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting (Trial) issued by the General Office of the National Development and Reform Commission. Scope 1 (direct) emissions cover greenhouse gas emissions directly generated by operations owned or controlled by the Group. Scope 2 (indirect) emissions cover greenhouse gas emissions from indirect energy consumption resulting from the use of purchased electricity in our operations. Scope 3 (other indirect) emissions arise from the Group's value chain.

(3) The scope of statistics for 2024 has been expanded compared to 2023.

Energy Management

We attach importance to the management of energy and resources in our operations and have formulated internal policies. We reduce electricity consumption during operations through a series of measures, such as reasonable planning of electrical equipment and premises. We have constructed distributed solar photovoltaic power generation facilities on the roof of the workshop.

Water Resources Management

We comply with applicable laws and regulations, including the Water Law of the PRC, and promote water conservation in our operations. We have implemented measures such as using water-saving appliances, monitoring water usage and inspecting for leakage, and enhancing employee awareness through ongoing initiatives to support efficient use of water resources.

Emissions Management

We strictly comply with applicable emissions-related laws and regulations in the jurisdictions where we operate, and have established internal policies to systematically control wastewater, exhaust gas, solid waste, and hazardous waste generated during operations. We continuously promote classified management of emissions in our operations. We entrust qualified units to treat all wastewater generated during our operations. We collect and treat general industrial solid waste and domestic garbage centrally, and actively promote recycling. We also implement closed-loop management of hazardous waste throughout the entire process from generation, storage, and transfer to disposal, and entrust third-party institutions with professional qualifications for compliant disposal.

Environmental Compliance Management

We are well aware of the importance of environmental protection, strictly complying with applicable laws and regulations. We are committed to optimizing production processes based on business characteristics, regulating emissions management, ensuring operational compliance, and reducing the negative impact of operations on the environment. We have formulated and implemented internal policies, clarifying environmental management responsibilities. We established an Environmental Safety Committee with dedicated safety and environmental protection engineers thereunder to coordinate the implementation and execution of various environmental protection measures. Our Group has obtained ISO 14001 Environmental Management System certification. We conduct internal compliance audits annually and accept supervisory audits by third-party certification bodies every three years to maintain the effectiveness and compliance of the management system. During the Track Record Period, we did not experience any environmental violations resulting in relevant penalties.

Climate Change

We have preliminarily identified risks posed by climate change to our business, primarily including physical risks and transition risks. Physical risks mainly stem from extreme weather such as typhoons, rainstorms, and floods. To this end, we have formulated and implemented internal policy documents, and prepared emergency supplies such as flood control sandbags, high-intensity flashlights, and rescue ropes to avoid or mitigate major economic losses or major equipment damage accidents caused by extreme weather, ensuring the personal safety of employees and the basic operation of key facilities in emergencies. Transition risks mainly stem from changing regulatory requirements, with regulators in various regions continuously raising compliance and disclosure standards for GHG emissions and resource utilization. We will further deepen the identification and response to climate risks and opportunities, to actively cope with the uncertainties and challenges brought by climate change.

Social

Employee Rights and Benefits

We always adhere to the protection of employee rights and interests, strictly complying with applicable labor employment laws and regulations. We promise to provide a fair, respectful, and inclusive working environment for all employees, and earnestly safeguard employees' legitimate rights and interests in terms of working hours and rest/leave, compensation and benefits, career development, and labor safety. We promise not to discriminate in hiring or provide unequal treatment based on candidates' or employees' ethnicity, race, skin color, nationality, culture, gender, or religious beliefs, continuously promoting the construction of a diverse and inclusive culture. We firmly prohibit any form of forced labor and the use of child labor, strictly verifying employee identity and age information during recruitment and employment management. We have opened anonymous reporting channels. If relevant violation clues are discovered or received, we encourage employees to report through their direct supervisors or the human resources department. We also provide support and remedies to affected employees, such as job adjustments or psychological assistance.

In terms of remuneration and benefit protection, we adhere to the distribution principles of remuneration based on position, reward based on labor and high pay for high performance, have established a market-competitive remuneration system, and conduct regular salary surveys and adjustments to ensure that our remuneration levels are internally equitable and externally attractive. We make statutory contributions to social insurance and housing provident funds for employees, and provide benefit arrangements such as paid leave, holiday benefits, dormitory allowances, communication subsidies, health checkups, basic commercial insurance, and car purchase and usage subsidies. At the same time, by considering industry characteristics and the actual needs of our employees, we continuously optimize the structure and enrich the content of our benefits, providing employees with support covering various aspects such as life, health and development, thereby effectively safeguarding their rights to labor remuneration.

We also attach great importance to employee care, regarding employees' physical and mental health and work experience as important parts of talent management, and continuously improve our employee care mechanisms, striving to enhance employees' sense of gain and belonging. We have established a Gratitude and Care Fund to provide practical support for employees encountering sudden major difficulties. When employees or their immediate family members suffer from serious illnesses or major accidents resulting in heavy medical and living burdens, they may apply for fund subsidies according to procedures.

Occupational Health and Safety

We have formulated policies and have strictly implemented the responsibility system for production safety, building a production safety responsibility system covering all employees and the entire process. Key indicators such as the rectification rate of hidden dangers and the incidence of work-related injury accidents are included in the performance assessment of management personnel at all levels, linked to evaluation, awards, and bonus distribution, promoting the effective implementation of safety responsibilities.

In terms of risk prevention and control, we establish a dual prevention mechanism regarding the graded control of safety risks and the identification and remediation of hidden hazards, regularly identifying hazard sources, formulating control measures, and systematically preventing major safety risks. In 2025, we upgraded safety protection equipment in production areas, improved ventilation and lighting in the working environment, and ensured sufficient provision of labor protection supplies and equipment. Through a combination of "physical defense + technical defense," we systematically reduce occupational health risks and build a solid line of defense for production safety. We also pay work-related injury insurance and supplements accidental injury insurance for all employees in accordance with the law, organizes annual occupational health checkups for all staff, and adds special inspection items for high-risk positions to fully protect the physical and mental health of employees. During the Track Record Period, we recorded zero work-related fatalities and did not experience any major safety accidents.

Employee Training and Development

We focus on employee training and development, building a systematic employee training system to support employees' personal growth and our long-term development. We scientifically determine training directions based on business strategy and employee needs analysis, providing new employees with induction training covering corporate culture, rules and regulations, and job skills, and regularly carrying out professional skills and cutting-edge topic training for incumbent employees. At the same time, we also offer a series of leadership and management courses for high-potential key employees and managers at all levels to systematically improve their strategic vision and team management capabilities. We implement the *Mentor Incentive System*, encouraging experienced key employees to pass on professional knowledge and skills, and combining methods such as experience sharing by excellent employees to ensure that training content is both practical and innovative.

Responsible Supply Chain

We deeply integrate the concepts of responsibility and sustainability into our supply chain management. Through stringent entry standards, regular performance evaluations and dynamic exit mechanisms, we implement full life-cycle management for our suppliers. Based on a series of policies such as the *Supplier Control Procedure and the Incoming Material Inspection Control Procedure*, we systematically evaluate and manage suppliers' operational compliance, quality level, delivery assurance and business compatibility. We practice the concept of green procurement, integrating it throughout all stages of raw material selection and our value chain. In procurement, we give preference to environmentally compliant raw materials and services under the same conditions; in operations, we systematically assess and introduce circular economy models to enhance resource efficiency. These initiatives, while ensuring business development, continuously reduce our environmental footprint.

Product Responsibility

We strictly comply with applicable laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Standardization Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*. We have formulated internal policy documents such as the *Incoming Material Inspection Control Procedure*, *Intellectual Property Management System*, and *Customer and External Provider Property Control Procedure* to embed quality requirements into full lifecycle management processes in a institutionalized and standardized manner, ensuring all links comply with local laws and regulations, industry standards, and internal company norms. We have obtained ISO 9001 Quality Management System certification. We conduct internal compliance audits annually and accept supervisory audits by third-party certification bodies annually.

Customer Service

We are committed to continuously improving customer experience, delivery performance, and after-sales response. We have formulated policy documents such as the *ITR Issue to Resolution* process, CRM *Single Machine Maintenance Work Order Processing Process*, BPM *Customer Complaint Management Process*, and *Customer-side Quality Issue Closed-loop Form* to standardize customer service and complaint handling processes, effectively safeguarding customer rights and service experience. We have opened multiple customer complaint channels, including 400-service hotline, official accounts, emails, WeChat, and customer service systems, continuously optimizing customer service. We have established a closed-loop management process covering the three major links of issue acceptance, processing, and closure.

Social Contribution

By aligning our business characteristics with societal needs, we fulfill our corporate citizenship responsibilities through diverse means such as cash and in-kind donations and support for rural revitalization. We actively collaborate with charitable organizations and community groups, encourage employee participation in volunteer services, and enhance our sense of social responsibility.

EMPLOYEES

As of March 31, 2026, we had a total of 2,127 full-time employees. During the Track Record Period and up to the Latest Practicable Date, the majority of our employees were based in Chinese Mainland.

Function	Number	Percentage of Total Number
R&D and Technology	803	37.8%
Manufacturing	614	28.9%
Sales and marketing	332	15.6%
Administrative	318	15.0%
Finance	60	2.8%
Total	**2,127**	**100.0%**

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and non-competition, in particular, the non-competition provision and confidentiality provision effective during and after their employment with us.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to sourcing through recruitment websites and campus recruitment, we have also implemented an internal referrals policy to attract potential talent to join us. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees periodically to enhance their technical know-how and solidify their knowledge and expertise for the industry.

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for certain employees as required by the relevant PRC laws and regulations. Please see "Risk Factors — Risks Relating to our Business and Industry — Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties." As of the Latest Practicable Date, we have not made any provision for such outstanding contributions or potential penalties in our financial statements, as we believe the likelihood of material penalties being imposed is remote.

We have implemented and will continue to implement internal control measures to enhance compliance with applicable social insurance and housing provident fund contribution requirements under relevant PRC laws and regulations, including: (i) designating our human resources department to regularly review and monitor the reporting and contribution of social insurance and housing provident funds; (ii) communicating, and continuing to communicate, with our employees to seek their understanding and cooperation in complying with the applicable contribution bases, and gradually adjusting the applicable contribution bases in accordance with regulatory requirements and guidance from competent government authorities; and (iii) consulting our PRC legal advisors on relevant PRC laws and regulatory developments, including those relating to social insurance and housing provident funds, and providing relevant employees with compliance training on such matters.

We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date. Some of our employees form labor unions. As of the Latest Practicable Date, our employees had not negotiated their terms of employment through any labor union or by way of collective bargaining agreements.

INSURANCE

We maintain insurance coverage for our operations, including employer-related insurance, property all risk insurance, cargo transportation insurance and production safety liability insurance. We regularly review our insurance policies to ensure compliance with applicable laws and regulations and believe our coverage is generally in line with industry practice. During the Track Record Period, we were not subject to any material insurance claims. However, our insurance coverage may not fully cover all potential losses or liabilities. See "Risk Factors — Risks Relating to our Business and Industry — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations."

PROPERTIES

Land

As of March 31, 2026, our Company and Major Subsidiaries together owned and occupied the land use rights of six land parcels relating to production and business operations in Chinese Mainland, with an aggregate GFA of approximately 261,562.7 sq. m., which were mainly used for manufacturing, business and office purposes. As of March 31, 2026, we had obtained all land use rights certificates for all land parcels we owned and occupied.

Buildings or Units

As of March 31, 2026, we owned 22 buildings or units in Chinese Mainland with an aggregate GFA of approximately 555,497.1 sq. m., which were mainly used for manufacturing, business and office purposes. We did not own any buildings or units overseas.

As of March 31, 2026, we had obtained building ownership certificates for 21 of our owned buildings in Chinese Mainland, representing an aggregate GFA of approximately 554,841.1 sq. m. As of the same date, we had not obtained the building ownership certificate for one building in Chinese Mainland with an aggregate GFA of 656 sq. m. due to the lack of relevant construction permits. The absence of the relevant construction permit was primarily due to an administrative oversight during the construction process. Under applicable PRC laws and regulations, construction permits are generally required prior to commencement of construction; however, as of the Latest Practicable Date, we have not received any order for rectification or administrative penalty from the relevant authorities in relation to the above building. This building is currently leased to third parties as an investment property and is not used for our own production or business operations. The investment property referred to above primarily relates to the aforesaid building, which is located in Dongguan City, Guangdong Province, PRC, that is not currently required for our own production or operational use. In order to improve asset utilization, we lease out such premises to third-party tenants from time to time. The tenants of these investment properties primarily comprise enterprises engaged in technology services, manufacturing and other supporting commercial activities. The leased premises are mainly used as office space, production support facilities or ancillary commercial facilities. The lease arrangements are typically entered into for fixed lease terms with fixed monthly rental payments.We generally lease out these premises when they are temporarily not required for our own business operations or when there is surplus space within our facilities. The leasing arrangements are primarily property leasing in nature and we do not provide material ancillary services in connection with such leases, other than granting the tenants the right to use the premises during the lease term.

Lease Properties

As of March 31, 2026, we leased 96 properties with a total GFA of 24,397.4 sq. m. Among them, three leased properties are in Mexico, Vietnam and Indonesia, respectively, with a total GFA of approximately 5,791.0 sq. m. These properties were mainly used as our offices, dormitories and production base. Certain lessors of our leased properties in Chinese Mainland with a GFA of approximately 15,811.9 sq. m. had not provided us with the relevant property ownership certificates. Our leases generally have a term ranging from one to five year(s). We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or

paying a termination fee. Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration for all our leased properties in Chinese Mainland, with a GFA of more than 10,000 sq. m. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements.

Property Valuation

According to Rule 5.01A of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is subject to the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include a valuation report with respect to part of our Group's interests in land or buildings, as we had two property interests forming part of property activities that have a carrying amount of 1% or more of our consolidated total assets as of the Latest Practicable Date. Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd., an independent property valuer, has valued the relevant property interests as of May 31, 2026. Particulars of our property interests are set out in "Appendix III — Property Valuation Report" to this document. Save for the property interests disclosed in Appendix III to this document, no single property interest that forms part of non-property activities has a carrying amount of 15% or more and no single property interest that forms part of property activities has a carrying amount of 1% or more, of our consolidated total assets.

INTELLECTUAL PROPERTY

Our intellectual property rights are critical to our business operations. As of March 31, 2026, we had 262 invention patents and 361 utility model patents in Chinese Mainland, and we did not have any authorized patents overseas. As of the same date, we had 361 registered trademarks and 90 registered software copyrights in Chinese Mainland and 37 registered trademarks overseas. See "Appendix VII — Statutory and General Information — Further Information about our Business — Our Intellectual Property Rights" for further details of our intellectual property portfolio.

We primarily acquire patents through self-development. As of the Latest Practicable Date, we owned our patents as well as patent applications. We safeguard our intellectual property through trademarks, trade secrets and other intellectual property laws, as well as confidentiality agreements signed with our employees. We specify all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements we entered into with our employees. In addition, we require employees to sign standard agreements stipulating that any service inventions, trade secrets, and R&D achievements acquired during their service with us shall be our assets and that the titles of such achievements shall be transferred to us. During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business.

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in Chinese Mainland and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continuously overseeing the compliance with the relevant laws and regulations. Set out below are the licenses and permits held by us and our subsidiaries.

Pollutant Discharge Permit or Registration

Holder	Certificate Name	Certificate Number	Address of Production and Business Premises	Issuing Authority	Grant Date	Expiry Date
Our Company	Registration Receipt for Fixed Pollution Source Discharge (《固定污染源排污登記回執》)	91441900663304451G002Z	No. 35-1 Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province, PRC	/	July 6, 2025	July 5, 2030
Our Company	Permit for Discharge of Municipal Sewage into Drainage Pipelines (《城鎮污水排入排水管網許可證》)	(Yue Guan Pai) [2025] No. 1180180	No. 35-1 Lianhuan Road, Lianping Village, Dalingshan Town, Dongguan City, Guangdong Province, PRC	Dongguan Municipal Ecology and Environment Bureau (東莞市生態環境局)	July 9, 2025	July 8, 2030
Jiangsu Topstar Robot Co., Ltd. (江蘇拓斯達機器人有限公司) . . .	Registration Receipt for Fixed Pollution Source Discharge (《固定污染源排污登記回執》)	91320506MA1P3D0R4G001Z	South of Wusong Road and East of Guoxiang Avenue, Guoxiang Sub-district, Suzhou Wuzhong Economic Development Zone, Suzhou City, Jiangsu Province, PRC	/	May 25, 2022	May 24, 2027
Jiangsu Topstar Robot Co., Ltd. (江蘇拓斯達機器人有限公司) . . .	Registration Receipt for Fixed Pollution Source Discharge (《固定污染源排污登記回執》)	91320581MA20WJ0B7F001Z	No. 128 Huangpujiang Road, Changshu National Hi-tech Industrial Development Zone, Changshu City, Jiangsu Province, PRC	/	December 15, 2021	December 14, 2026
Dongguan AFMING Numerical Control Equipment Technology	Registration Receipt for Fixed Pollution Source Discharge (《固定污染源排污登記回執》)	91441900345450963N001X	Room 202, Building 2, No. 35 Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province, PRC	/	August 18, 2025	August 17, 2030
Topstar Intelligent Environment (Dongguan)	Registration Receipt for Fixed Pollution Source Discharge (《固定污染源排污登記回執》)	91441900MA51PPF3G001W	No. 39 Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province, PRC	/	July 1, 2024	June 30, 2029

Customs Filing Receipt for Import and Export Consignees and Consignors/Registration Certificate for Customs Declaration Entity

Holder	Qualification Information	Customs Filing Code	Filing/ Registration Customs Authority	Date of Filing/ Registration	Expiry Date
Our Company	Importer and Exporter of Goods	441996399E		July 3, 2019	
Topstar Intelligent Technology	Importer and Exporter of Goods	44199639PQ		March 12, 2015	
Topstar Intelligent Environment (Dongguan)	Importer and Exporter of Goods	4419961EKY		August 16, 2021	
Dongguan Topstar Intelligent Equipment Co., Ltd. (東莞拓斯達智能裝備有限公司) . . .	Customs Declaration Enterprise	4419980AGE	Pu Chang'an (埔長安關)	June 19, 2025	Long-term
Dongguan Topstar Intelligent Equipment Co., Ltd. (東莞拓斯達智能裝備有限公司) . . .	Importer and Exporter of Goods	4419963JH4		June 19, 2025	
Dongguan AFMING Numerical Control Equipment Technology	Importer and Exporter of Goods	4419960RCP		July 28, 2016	

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal. As advised by our PRC Legal Advisors, we have obtained all material licenses, permits and approvals required for the conduct of its business operations throughout the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
Dongguan Pilot Scale Test Platform .	2025	Dongguan Municipal Science and Technology Bureau
"Scenario Application Ingenuity Award" at the 2025 Embodied AI Humanoid Robot Yanshi Awards .	2025	the Humanoid Robot Scenario Application Alliance
China Top 10 Innovative Enterprises in Embodied AI	2025	EO Intelligence

Award/Recognition	Award Year	Awarding Institution/Authority
2025 Series of Typical Cases of Private Enterprises Developing New Quality Productive Forces (Technological Innovation and Industrial Innovation Category)	2025	the General Office of the All-China Federation of Industry and Commerce (ACFIC)
"High-Quality Enterprise in Controllers" within the 2025 Humanoid Robot Industry Chain Control evaluation	2025	Shenzhen Gaogong Consulting Co., Ltd.
High-tech enterprises	2024	Department of Science and Technology of Guangdong Province Department of Finance of Guangdong Province Guangdong Provincial Taxation Bureau of State Administration of Taxation
Guangdong Industrial Design Center	2024	Department of Industry and Information Technology of Guangdong Province
National Green Supply Chain Management Enterprise	2023	Ministry of Industry and Information Technology of the People's Republic of China National Intellectual Property Office
National IP Preferential Enterprises	2023	National Intellectual Property Office
Leader in the Intelligent Robotics Value Chain in Guangdong Province	2023	Department of Industry and Information Technology of Guangdong Province
National Green Plant	2023	Ministry of Industry and Information Technology of the People's Republic of China

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time become involved in various legal proceedings in the ordinary course of our business. See "Risk Factors — Risks Relating to our Business and Industry — We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations." During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisor, we had complied with all relevant laws and regulations applicable to us in all material respects concerning our operations. For more information about the laws and regulations applicable to us, please see "Regulatory Overview."

INTERNAL CONTROL AND RISK MANAGEMENT

We have developed and implemented risk management policies and internal control measures in relation to our business operations, financial reporting, and general compliance. We design a comprehensive set of policies to identify, analyze, manage and monitor various risks, and periodically assess and update our risk management policies; our Board is responsible for overseeing the overall risk management and internal control; our Audit Committee is authorized to review and evaluate our financial control, risk management and internal control system; we will adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure; and we will continue to organize training sessions for our directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

Internal Control on Data Privacy Policy

To ensure compliance with applicable laws and industry best practices, we have implemented rigorous data protection policies and measures governing the collection, processing, storage, and usage of personal information. We conduct compliance assessments when collecting data with notification to users and log records of the collection process. We strictly process data in a manner that protects the legitimate rights of data subjects. We process data for a specific and reasonable purpose and limit our data processing activities to the minimum scope for achieving that purpose. We require that information and data we receive in Chinese Mainland be stored and preserved within Chinese Mainland. After collecting information, we take appropriate measures, such as data encryption and de-identification processing, to ensure customer and consumer privacy and prevent data leakage. We also have clear and strict authorization and authentication procedures and policies in place. Our employees only have access to data that is directly relevant and necessary for their responsibilities and for limited purposes, and they are required to verify authorization upon every access attempt.

Internal Control on Protection against Counterfeit Products

We take measures to combat counterfeit products and protect our brand integrity. Our distributors are contractually prohibited from selling counterfeit products, and we encourage consumers to report unauthorized use of our brands. We also promote consumer awareness of our authentic products and maintain a dedicated team to monitor and handle counterfeiting matters. Where appropriate, we may take legal or other actions against counterfeit activities.

Internal Control of Anti-Bribery and Anti-Corruption

We have implemented an anti-bribery and corruption policy which requires our employees to conduct business legally and ethically. Our anti-bribery and corruption policy prohibits our employees from offering unauthorized payments, such as bribes, kickbacks, or benefits to any third party in order to secure or reward an improper benefit. They are also not allowed to accept or solicit any such unauthorized payment. Our anti-bribery and corruption policy also prohibits other misconduct, such as misappropriation, embezzlement, fraud or other illegal activities. Any violation of the policies could result in dismissal and financial fines. Moreover, we also require our distributors, suppliers and other business partners to undertake anti-bribery commitment in writing that prohibits gifts, rebates, facilitation fees and other illegitimate conduct. Any breach of such commitment could result in termination of collaboration agreements and penalties as appropriate.

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.

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.

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.

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*	*%*
							(unaudited)			
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.

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* *(unaudited)*	*%*	*RMB'000*	*%*
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.

- 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;

- 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.

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* *(unaudited)*	*%*	*RMB'000*	*%*
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.

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*	*%*
							(unaudited)			
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*	*%*
							(unaudited)			
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**

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

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

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 stabled 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 busiensses, including industrial robots and automation systems, injection

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*	*%*
							(unaudited)			
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.

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.

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.

	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.

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

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**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
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

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

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.

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.

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 preformance-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.

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.

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**

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:

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 December 31,			Trade receivables as of March 31,	Credit terms
		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.

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 December 31,			Trade receivables as of March 31,	Credit terms
		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 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.

Background of the key account customer	Services/solutions provided	Revenue for the year ended December 31, 2023	2024	2025	Revenue for the three months ended March 31, 2026	Trade receivables as of December 31, 2023	2024	2025	Trade receivables as of March 31, 2026	Credit terms
		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 RMB111.6 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.

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

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 addional wealth management products. See Note 21 to the Accountants' Report in Appendix I to this Document.

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**

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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**

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.

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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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**

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 stabled 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 relative stabled 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 March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*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.

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:

	December 31, 2023
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:

	Year ended December 31,		
	2023	2024	2025
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%

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.

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 stabled 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

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.

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.

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.

	(RMB in millions)
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

[**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.

OUR SINGLE LARGEST SHAREHOLDER

As of the Latest Practicable Date, Mr. Wu, our executive Director, chairperson of our Board, and president of our Company, was entitled to exercise approximately 30.47% of the voting rights in our Company (excluding the 2,342,668 A Shares held by our Company as Treasury Shares) through 144,629,860 A Shares directly held by him.

Immediately after completion of the [**REDACTED**], Mr. Wu will be entitled to exercise approximately [**REDACTED**]% of the voting rights in our Company (excluding the 2,342,668 A Shares held by our Company as Treasury Shares assuming that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]). Accordingly, Mr. Wu will constitute our Single Largest Shareholder and our Company will not have any controlling shareholder as defined under the Listing Rules upon the completion of the [**REDACTED**].

COMPETITION

Our Single Largest Shareholder has confirmed that he does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE SINGLE LARGEST SHAREHOLDER

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Shareholder and his close associates (other than our Group) after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [**REDACTED**], our Board will consist of six executive Directors and three independent non-executive Directors. For more details of our Directors and senior management, see "Directors and Senior Management."

The executive Directors and senior management team are responsible for the day-to-day management of our operations. Notwithstanding the roles of Mr. Wu on our Board, our Directors are of the view that our Company is able to function independently from Mr. Wu for the following reasons:

(a) all of the independent non-executive Directors are independent of Mr. Wu, and decisions of our Board require the approval of a majority vote from members of our Board;

(b) each of our Directors is aware of fiduciary duties of a director which require, among other things, that he/she must act for the benefit and in the best interest of our Group and must not allow any conflict between his/her duties as a Director and his/her personal interest;

(c) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum;

(d) we will have three independent non-executive Directors and certain matters of our Company must always be referred to our independent non-executive Directors for review;

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholder which would support our independent management; and

(f) our daily management and operations are carried out by our Company's senior management team, who have substantial experience in the industry which our

Company is engaged in, and will therefore be able to make business decisions that are in the best interests of our Group.

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Single Largest Shareholder or his close associates (other than our Group) for research and development, manufacturing, business development, staffing and administration (including financial and accounting management, human resources and information technology). We have independent access to suppliers and customers. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors are of the view that we are able to operate independently from our Single Largest Shareholder and his close associates (other than our Group) after the [**REDACTED**].

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of our Company. We make financial decisions and determine our use of funds according to our own business needs. We open and manage our bank accounts independently, and have not shared any bank account with our Single Largest Shareholder and his close associates (other than our Group). We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Single Largest Shareholder or his close associates (other than our Group), and we do not intend to rely on our Single Largest Shareholder in the future.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on our Single Largest Shareholder and his close associates (other than our Group) after the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to promote good corporate governance and to avoid potential conflict of interests between our Group and our Single Largest Shareholder:

(i) where a general meeting is to be held for considering proposed transactions in which our Single Largest Shareholder or any of his associates has a material interest, our Single Largest Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;

(ii) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Single Largest Shareholder or any of his associates, our Company will comply with the applicable requirements under the Listing Rules;

(iii) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (a) possess sufficient experience, (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(iv) our independent non-executive Directors will review, on an annual and independent basis, whether there is any conflict of interests between our Group and our Single Largest Shareholder (the "**Annual Review**") and provide impartial and professional advice to protect the interests of minority Shareholders;

(v) our Single Largest Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our independent non-executive Directors for the Annual Review;

(vi) our Company will disclose decisions (with basis) on matters reviewed by our independent non-executive Directors either in its annual report or by way of announcements;

(vii) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(viii) we have appointed Red Solar Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests that may arise between our Group and our Single Largest Shareholder, and to protect minority Shareholders' interests after the [**REDACTED**].

Upon the [**REDACTED**], the following transactions between members of our Group and our connected persons will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The table below sets forth the parties that will become our connected persons and have entered into transactions with us which will constitute our continuing connected transactions upon the [**REDACTED**]:

Name	Connected Relationship
Asia Gatekeeper Commerce Co., Ltd. (崑山昶樂模塑科技有限公司) ("**Asia Gatekeeper**"), Suzhou Changpingxing Technology Co., Ltd. (蘇州長平星科技有限公司) ("**Suzhou Changpingxing**") and Suzhou Industrial Park Garbo Precision Machinery Co., Ltd. (蘇州工業園區嘉寶精密機械有限公司) ("**Suzhou Garbo**")	Asia Gatekeeper is controlled as to approximately 51% by Suzhou Garbo. Suzhou Changpingxing and Suzhou Garbo are controlled as to 71% and 100%, respectively, by Suzhou Omatech Automation Equipment Co., Ltd. (蘇州市歐邁泰克自動化設備有限公司), which is in turn controlled as to 95% by Mr. Yan Fuxing (嚴福星), a brother of Mr. Wu's spouse. Mr. Wu is our executive Director and Single Largest Shareholder. Therefore, each of Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo is a deemed connected person of our Company under Rule 14A.07 of the Listing Rules.
Suzhou Boyi Intelligent Technology Co., Ltd. (蘇州鉑沂智能科技有限公司, "**Suzhou Boyi**") and Dongguan Junye Green Energy Environmental Technology Co., Ltd. (東莞鈞業綠能環境科技有限公司, "**Dongguan Junye**")	Each of Suzhou Boyi and Dongguan Junye is held as to 51% by Suzhou Haifeida Mechanical & Electrical Engineering Co., Ltd. (蘇州海斐達機電工程有限公司, "**Suzhou Haifeida**"), 37% by Suzhou Bozhong Enterprise Management Centre (Limited Partnership) (蘇州鉑眾企業管理中心(有限合夥)) ("**Suzhou Bozhong LP**"), and 12% by the remaining shareholder. Suzhou Haifeida is controlled as to 99% by Suzhou Tiantong Intelligent Technology Co., Ltd. (蘇州天彤智能科技有限公司), which is in turn controlled as to 80% by Mr. Huang Daibo ("**Mr. Huang**"), a former executive director of our Company. Suzhou Bozhong LP is held as to approximately 79.32% by Mr. Huang, with its sole general partner being an Independent Third Party. Therefore, each of Suzhou Boyi and Dongguan Junye is an associate of Mr. Huang and thus a connected person of our Company under Rule 14A.07 of the Listing Rules within one-year period following Mr. Huang's resignation as a director of our Company in December 2025.

SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS

No.	Nature of Transactions	Counterparty	Category of Transactions	Applicable Listing Rule	Waiver sought
1.	***Supply of Products and Services (Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo)***				
	– Supply of Products and Services	Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo	Fully-Exempt Continuing Connected Transactions	14A.76(1)	N/A

No.	Nature of Transactions	Counterparty	Category of Transactions	Applicable Listing Rule	Waiver sought
2.	*Supply of Products, Lease of Property and Procurement of Services (Suzhou Boyi and Dongguan Junye)*				
	– Supply of Products and Lease of Property	Suzhou Boyi and Dongguan Junye	Partially-Exempt Continuing Connected Transactions	14A.76(2) and 14A.105	Announcement
	– Procurement of Services	Suzhou Boyi and Dongguan Junye	Non-Exempt Continuing Connected Transactions	14A.105	Announcement, circular and independent Shareholders' approval

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Supply of Products and Services (Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo)

We expect to continue to supply our Group's robot-related products and after-sales installation services of such products to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates (the "**Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo**") as Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo may require from time to time.

Reasons for transactions

Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates procure the Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo from us, considering the high quality and advanced technology of such products and services. The supply of the Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo could help increase the sales scale and revenue of our Group. Our Company considers that the supply of Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo has been conducted in the ordinary and usual course of business and on normal commercial terms, and that maintaining a stable business relationship with Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo will facilitate our Group's business growth.

Pricing Policies

The pricing relating to supply of robot-related products to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates shall be determined based on arm's length negotiation between our Group and Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates, with reference to historical and market transaction price, taking into account various factors including but not limited to the type of products (including the specification, model and quality of the equipment accessories), transaction volume and the prices for the supply of products of similar nature, type and quantity by our Group to Independent Third Parties in the market, as well as the actual costs or the industrial standard production costs (whichever is higher) incurred in the provision of the products. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

The pricing relating to supply of services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates shall be determined based on arm's length negotiation between our Group and Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo and their associates, taking into account, among others, (i) the scope of services, (ii) the anticipated operating costs arising from the provision of services (including labor costs, material costs and administrative costs),

and (iii) the fees charged by other service providers in the market for similar services. The terms are to be no less favorable to our Group compared to those transactions between our Group and Independent Third Parties, which are in the best interests of our Company and our Shareholders as a whole.

Listing Rules implications

Pursuant to Rule 14A.81 of the Listing Rules, on the basis that (i) Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo are under the same control of Mr. Wu's related parties; and (ii) the supply of products and services between our Group and each of Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo is of a similar nature, the continuing connected transactions contemplated under the supply of Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo are required to be aggregated. As all applicable percentage ratios calculated under Chapter 14A of the Listing Rules, whether on a standalone basis or an aggregated basis, will be less than 0.1%, the supply of Products and Services to Asia Gatekeeper, Suzhou Changpingxing and Suzhou Garbo will be fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY-EXEMPT AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

2. Supply of Products, Lease of Property and Procurement of Services (Suzhou Boyi and Dongguan Junye)

Principle terms

On [●], our Company (for itself and on behalf of our Group) entered into a master framework agreement as to meet the demands of the intelligent energy and environmental projects (the "**Green Energy**" projects) with Suzhou Boyi and Dongguan Junye (the "**Green Energy Projects Master Framework Agreement**"), pursuant to which our Group may from time to time supply products or lease a property to Suzhou Boyi and Dongguan Junye, and procure services from Suzhou Boyi and Dongguan Junye as follows in our ordinary and usual course of business:

(i) supplying products relating to the operation of the Green Energy projects to Suzhou Boyi and Dongguan Junye, including, among others, leftover materials from existing Green Energy projects (such as electric cables), second-hand fixed assets (such as office computers previously used by former employees of our intelligent energy and environmental projects division), and switchboards (the "**Supply of Products to Suzhou Boyi and Dongguan Junye**");

(ii) leasing a property in the PRC to Suzhou Boyi, for office purpose (the "**Lease of Property to Suzhou Boyi**") (together with the Supply of Products to Suzhou Boyi and Dongguan Junye, the "**Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye**");

(iii) entering into the new contracts for the Green Energy projects to be entered into between our Group and its customers in the year of 2026, and engaging Suzhou Boyi and Dongguan Junye to provide the execution services, in particular, the scope of work including, among others, design, construction, delivery, facilitation of final acceptance, receipt of payment and subsequent warranty maintenance of various types of electromechanical engineering installation works and building decoration engineering works (the "**Procurement of Services relating to New Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye**"); and

(iv) engaging Suzhou Boyi and Dongguan Junye to implement the remaining uncompleted services of the existing contracts for the Green Energy projects already entered into between our Group and its customers prior to the year of 2026, in particular, the scope of work including, among others, delivery, facilitation of completion and acceptance, collection of payment and subsequent warranty maintenance of various types of electromechanical engineering installation works and building decoration engineering works (the "**Procurement of Services relating to Existing Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye**") (together with the Procurement of Services relating to New Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye, the "**Procurement of Services from Suzhou Boyi and Dongguan Junye**").

The Green Energy Projects Master Framework Agreement has an initial term commencing on the [**REDACTED**] until December 31, 2026, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The parties will enter into separate underlying agreements which will set out the specific terms and conditions for transactions under the Green Energy Projects Master Framework Agreement.

Reasons for transactions

In line with our strategic focus on our core businesses, we are progressively scaling down our operation in the intelligent energy and environmental projects business line. In connection with this scaling-down, Mr. Huang, who was formerly in charge of the intelligent energy and environmental projects business line, left the Company by mutual agreement and, through Suzhou Boyi and Dongguan Junye, has gradually taken forward the intelligent energy and environmental projects business line, subject to the transitional arrangements described below. For details on the reasons for the scaling-down of this business line, please refer to "Business — Our Products and Solutions — Intelligent Energy and Environmental Projects" in this document. To ensure a smooth business transition in such scaling-down, our Company has progressively implemented the following arrangements: (i) the operational personnel of the intelligent energy and environmental projects business line (including Mr. Huang, a former executive director and vice president (副總裁) of our Company who was in charge of the intelligent energy and environmental projects division) have gradually departed our Group and joined Suzhou Boyi and Dongguan Junye; and (ii) during the transition period in 2026, our Company will (a) act as an agent referring the new Green Energy orders to Suzhou Boyi and Dongguan Junye, (b) engage Suzhou Boyi and Dongguan Junye to implement the uncompleted existing Green Energy orders, (c) supply Suzhou Boyi and Dongguan Junye with products in relation to the execution of such orders and (d) lease a property to Suzhou Boyi for office purpose, which will constitute continuing connected transactions of our Company contemplated under the Green Energy Projects Master Framework Agreement. Furthermore, with regard to the new Green Energy orders in 2026, apart from securing orders through referrals from our Group, as mentioned above, Suzhou Boyi and Dongguan Junye have also independently entered into new Green Energy contracts with clients, with an intention to gradually increase the proportion of such independent orders.

Pricing Policies

(i) Supply of Products to Suzhou Boyi and Dongguan Junye;

The unit price of products will be determined on arm's length basis with reference to the unit price of similar products being sold to Independent Third Party customers by our Group on fair basis, taking into account, among others, the product type and the transaction volume. The unit price should be no less favourable than those offered to other Independent Third Party customers by our Group, or the fair market price (whichever is more favourable).

(ii) Lease of Property to Suzhou Boyi;

The rents charged by our Group during the leasing term are determined based on normal commercial terms after arm's length negotiations between the relevant parties, and the leasing shall be equivalent to the prevailing market rates of properties of comparable size and quality situated in the same locality available to or offered by Independent Third Parties, which are in the best interests of our Company and its Shareholders as a whole.

(iii) Procurement of Services relating to New Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye:

The service fees payable by our Group to Suzhou Boyi and Dongguan Junye for the execution services of the new contracts for the Green Energy projects to be entered into between our Group and its customers in the year of 2026 shall be calculated as the contract values (including tax) of such new contracts, less a comprehensive management service fee of 3% of such contract values (including tax) to be retained by our Group. In determining the management service fee rate of 3%, our Directors have considered, among others, (i) the standard fee rate in the market for similar services and (ii) that the principal execution works under such contracts will be performed by Suzhou Boyi and Dongguan Junye, and our Group's role will primarily involve project referral. The management service fee rate of 3% is determined based on normal commercial terms after arm's length negotiations between the relevant parties.

(iv) Procurement of Services relating to Existing Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye:

The service fees for the remaining uncompleted services of the existing contracts for the Green Energy projects already entered into by our Group and its customers prior to the year of 2026 shall be determined on normal commercial terms after arm's length negotiations between the relevant parties, taking into account, among others, (i) the scope of services, (ii) the anticipated operating costs arising from the provision of services (including labor costs, material costs and administrative costs), and (ii) the fees charged by other service providers in the market for similar services. The service fees shall not exceed those charged by Suzhou Boyi and Dongguan Junye for the provision of similar services to other Independent Third Parties in the market.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026, the historical transaction amounts with respect to (i) the Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye were nil, nil, nil, and 0.50 million respectively and (ii) the Procurement of Products and Services from Suzhou Boyi and Dongguan Junye, were nil, nil, nil, and 17.57 million respectively.

Annual caps

The following table sets forth the proposed annual caps for the amounts of all types of transactions under the Green Energy Projects Master Framework Agreement for the year ending December 31, 2026:

Counterparty	**Nature of Transactions**	**Annual cap for the year ending December 31, 2026**
		(RMB in millions)
Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye		
Suzhou Boyi	Supply of Products to Suzhou Boyi	3
Dongguan Junye	Supply of Products to Dongguan Junye	5
Suzhou Boyi	Lease of Property to Suzhou Boyi	0.2
Sub-total		***8.2***
Procurement of Services from Suzhou Boyi and Dongguan Junye		
Suzhou Boyi	Procurement of Services relating to New Contracts for the Green Energy Projects from Suzhou Boyi	100*Note*
	Procurement of Services relating to Existing Contracts for the Green Energy Projects from Suzhou Boyi	20
Dongguan Junye	Procurement of Services relating to New Contracts for the Green Energy Projects from Dongguan Junye	400*Note*
	Procurement of Services relating to Existing Contracts for the Green Energy Projects from Dongguan Junye	20
Sub-total		***540***
Total		**548.2**

Note: representing the annual caps for the contract values (including tax) of the new contracts for the Green Energy projects to be entered into by our Group and its customers in the year of 2026, less a comprehensive management service fee, i.e., 3% of the contract values (including tax) of such new contracts.

The proposed annual caps are determined based on:

(i) in respect of the Supply of Products to Suzhou Boyi and Dongguan Junye

(a) the type and number of our Group's products which relate to the operation of the Green Energy projects; and

(b) the unit price of products as determined based on the aforementioned pricing policies in this section.

(ii) in respect of the Lease of Property to Suzhou Boyi

(a) the expected demand of Suzhou Boyi for such property; and

(b) the rents charged by our Group as determined based on the aforementioned pricing policies in this section.

(iii) in respect of the Procurement of Services relating to New Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye:

(a) the historical revenue generated from the Green Energy projects between our Group and its customers, amounting to approximately RMB2,686.0 million, RMB1,229.5 million and RMB915.3 million in 2023, 2024 and 2025, respectively;

(b) the expected decreasing amounts of the transactions in respect of the new Green Energy projects between our Group and its customers for the year ending December 31, 2026, due to our strategic scaling-down of operation in the intelligent energy and environmental projects business line and that Suzhou Boyi and Dongguan Junye have also begun to enter into new Green Energy contracts independently with clients; and

(c) the service price as determined based on the aforementioned pricing policies in this section.

The proposed annual cap is based on the contract values (including tax) of the new contracts for the Green Energy projects to be entered into between our Group and its customers in the year of 2026, less the comprehensive management service fee of 3% of such contract values (including tax) to be retained by our Group, having regard to the fact that our Group will contract with the relevant customers and subsequently engage Suzhou Boyi and Dongguan Junye to provide the execution services. Based on the proposed annual cap for the year ending 31 December 2026, our Group is expected to recognize, as revenue, the comprehensive management service fee of 3% of the contract values (including tax) of the aforementioned contracts, amounting to approximately RMB3 million in relation to the execution services to be provided by Suzhou Boyi and RMB12 million in relation to the execution services to be provided by Dongguan Junye, respectively.

(iv) in respect of the Procurement of Services relating to Existing Contracts for the Green Energy Projects from Suzhou Boyi and Dongguan Junye:

(a) the number of uncompleted existing contracts for the Green Energy Projects between our Group and its customers, and the scope of services remaining thereunder; and

(b) the service price as determined based on the aforementioned pricing policies in this section.

From the year ending December 31, 2027 onwards, since Mr. Huang has resigned his position as a Director of our Company for more than one year, each of Mr. Huang and his controlled entities, namely, Suzhou Boyi and Dongguan Junye, shall no longer be regarded as a connected person of our Company under Rule 14A.07 of the Listing Rules. For details on the relationship among Mr. Huang, Suzhou Boyi and Dongguan Junye, please refer to "— Relevant Connected Persons" in this section.

Listing Rules implications

Pursuant to Rule 14A.81 of the Listing Rules, on the basis that (i) Suzhou Boyi and Dongguan Junye are under the same control of Mr. Huang; (ii) each transaction in respect of the Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye is of a similar nature; and (iii) each transaction in respect of the Procurement of Services from Suzhou Boyi and Dongguan Junye is of a similar nature, the continuing connected transactions in respect of the Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye, and the Procurement of Services from Suzhou Boyi and Dongguan Junye, are required to be aggregated, respectively.

As the highest applicable percentage ratio of the transactions in respect of the Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye for the year ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules shall, in aggregate, exceed 0.1% but be less than 5%, on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the announcement requirement under Rule 14A.35 of the Listing Rules, and the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

As the highest applicable percentage ratio of the transactions in respect of the Procurement of Services from Suzhou Boyi and Dongguan Junye for the year ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules shall, in aggregate, exceed 5%, on an annual basis, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the announcement requirement under Rule 14A.35 of the Listing Rules, the independent shareholders' approval requirement under Rule 14A.36 of the Listing Rules, the circular requirement under Rule 14A.46 of the Listing Rules, and the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

INTERNAL CONTROL MEASURES ADOPTED BY OUR COMPANY IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under the Board is responsible for the review on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of our Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;
- the Audit Committee under the Board, the Board and various internal departments of our Company also regularly monitor the fulfillment status and the updates in relation to the continuing connected transactions. In addition, the management of our Company also regularly reviews the pricing policies of the continuing connected transactions;
- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules; and
- when considering the service fees and other fees provided by us to the above connected persons, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions under the Green Energy Projects Master Framework Agreement have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual cap for the year ending December 31, 2026 under the Green Energy Projects Master Framework Agreement are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSOR'S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the above partially-exempt and non-exempt continuing connected transactions; and (ii) participated in the due diligence and discussions with the management of our Group.

Based on the aforementioned and the Directors' view above, the Sole Sponsor is of the view that the aforesaid partially-exempt and non-exempt continuing connected transactions, for which waivers have been sought, have been and will be entered into in the ordinary and usual course of our business on normal commercial terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and the proposed annual cap for the year ending December 31, 2026 under the Green Energy Projects Master Framework Agreement is fair and reasonable and in the interests of our Company and the Shareholders as a whole.

WAIVERS GRANTED BY THE STOCK EXCHANGE

As the above continuing connected transactions under the Green Energy Projects Master Framework Agreement will be carried out from time to time after the [**REDACTED**] and the principle terms of the Green Energy Projects Master Framework Agreement are disclosed in this document, our Directors consider that strict compliance with certain aforesaid requirements will be impractical, and such requirements will lead to unnecessary administrative costs and create an onerous burden on us. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with (i) the announcement requirement under Chapter 14A of the Listing Rules in respect of the partially-exempt continuing connected transactions with respect to the Supply of Products and Lease of Property to Suzhou Boyi and Dongguan Junye as disclosed in the subsection headed "— Partially-Exempt and Non-Exempt Continuing Connected Transactions", and (ii) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the non-exempt continuing connected transactions with respect to the Procurement of Services from Suzhou Boyi and Dongguan Junye as disclosed in the subsection headed "— Partially-Exempt and Non-Exempt Continuing Connected Transactions".

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 476,972,412 A Shares (including 2,342,668 A Shares as Treasury Shares) with a nominal value of RMB1.00 each, all of which are listed on the ChiNext Market of the Shenzhen Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	476,972,412[(1)]	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Note:

(1) Including 2,342,668 A Shares which are held by our Company as Treasury Shares.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is exercised in full and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the issued share capital of our Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue	476,972,412[(1)]	[**REDACTED**]%
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Note:

(1) Including 2,342,668 A Shares which are held by our Company as Treasury Shares.

OUR SHARES

Upon the completion of the [**REDACTED**], our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional [**REDACTED**] in mainland China, the qualified [**REDACTED**] in mainland China under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] for by or [**REDACTED**] between legal or natural persons in mainland China.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the [**REDACTED**] of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請「全流通」業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We obtained our A Shareholders' approval to issue H Shares and seek the [**REDACTED**] of H Shares on the Stock Exchange at the general meeting of our Company held on January 15, 2026. Such approval is subject to the following conditions:

(i) **Size of the [REDACTED].** The proposed number of H Shares to be [**REDACTED**] shall not exceed [**REDACTED**]% of the total issued share capital enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially under the [**REDACTED**].

(ii) **Method of [REDACTED].** The method of [**REDACTED**] shall be by way of an [**REDACTED**] to eligible institutional [**REDACTED**] and a [**REDACTED**] for [**REDACTED**] in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] in mainland China and other [**REDACTED**] who are approved by mainland Chinese regulatory bodies to [**REDACTED**] abroad in [**REDACTED**].

(iv) **[REDACTED] basis.** The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders, acceptance of [**REDACTED**] and the risks related to the [**REDACTED**], according to international practice, through the demands for orders and book building process, subject to the laws and regulations, regulatory approvals, and prevailing capital market conditions.

(v) **Validity period.** The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Stock Exchange shall be completed within 18 months from the date when our Shareholders' meeting was held on January 15, 2026.

There is no other approved [**REDACTED**] plan for the Shares except the [**REDACTED**].

GENERAL MEETINGS

For details of circumstance under which our general meetings are required, see "Summary of Articles of Association — Shareholders and General Meeting" in Appendix VI to this document.

SHARE SCHEMES

For details of our A-Share Incentive Plans, see "Statutory and General Information — A-Share Incentive Plans" in Appendix VII to this document.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED])		
Name of Shareholder	Nature of interest[(1)]	Description of Shares	Number of Shares	Approximate percentage of shareholding in the total share capital of our Company	Number of Shares	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in the total share capital of our Company[(2)]
Mr. Wu	Beneficial owner	A Shares	144,629,860	30.32%	144,629,860	30.32%	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in [**REDACTED**] immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**] and including 2,342,668 Treasury Shares).

Save as disclosed herein, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

OVERVIEW

Upon the [**REDACTED**], our Board will comprise nine Directors, including six executive Directors and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. Wu Fengli (吳豐澧)	45	Executive Director, chairperson of the Board and president	June 1, 2007	December 27, 2011	Responsible for leading and coordinating the overall management of our Group, formulating and implementing comprehensive strategic development plans, and making efficient decisions on core matters involving major business operations and daily management
Mr. Zhou Yongchong (周永冲)	50	Executive Director, chief financial officer and secretary to our Board	November 10, 2011	May 13, 2024	Responsible for formulating our Group's business strategies and operational plans, overseeing and managing our Group's financial, accounting and securities matters
Mr. Zhang Peng (張朋)	42	Executive Director	July 23, 2008	February 13, 2019	Responsible for formulating our Group's business strategies and operational plans, leading the overall management of the Industry and Solutions Center, and coordinating client acquisition
Mr. Lan Haitao (蘭海濤)	45	Executive Director	May 9, 2011	February 13, 2019	Responsible for formulating our Group's business strategies and operational plans, and leading the daily operations and management of the robotic manipulator product line
Dr. Wang Zhicheng (王志成)	52	Executive Director	October 21, 2019	June 25, 2025	Responsible for formulating our Group's business strategies and operational plans, leading the research and development of core technology and core components and managing the Product R&D Center
Mr. Huang Jing (黃晶)	36	Executive Director	November 1, 2021	January 15, 2026	Responsible for formulating our Group's business strategies and operational plans, and leading the daily operations and management of the robot product line and Matrix Zhituo
Ms. Yip Tak Yung Teresa (葉德容)	44	Independent non-executive Director	January 15, 2026	January 15, 2026	Responsible for providing independent advice on the operations and management of our Group
Mr. Yang Lianda (楊聯達)	54	Independent non-executive Director	June 20, 2025	June 20, 2025	Responsible for providing independent advice on the operations and management of our Group

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Dr. Wan Jiafu (萬加富)	49	Independent non-executive Director	August 1, 2022	August 1, 2022	Responsible for providing independent advice on the operations and management of our Group

DIRECTORS

Executive Directors

Mr. Wu Fengli (吳豐禮), aged 45, our key founder, has been (i) our executive Director since December 2011, and (ii) the chairperson of our Board and our president (總裁) since February 2014. Furthermore, he successively served as our supervisor from June 2007 to December 2011 and our general manager from December 2011 to February 2014. Mr. Wu is primarily responsible for leading and coordinating the overall management of our Group, formulating and implementing comprehensive strategic development plans, and making efficient decisions on core matters involving major business operations and daily management.

Mr. Wu has over 20 years of profound experience in the field of automated manufacturing equipment. He worked at Dongguan Chang'an Tuopu Plastic Machinery Business Department (東莞市長安拓普塑膠機械經營部, an individually-owned business established in the PRC, which primarily engages in the retail of plastic machinery and accessories) from 2004 to 2007.

Mr. Wu is well recognized within the industry. He has been serving as the vice chairperson of the Guangdong Federation of Industry and Commerce (廣東省工商聯) since June 2026, the vice chairperson of the Dongguan Federation of Industry and Commerce (東莞市工商聯) since January 2022, a member of the Executive Committee of the All-China Federation of Industry and Commerce (全國工商聯執委) since December 2022, a deputy to the 14th National People's Congress since January 2023, and a member of the Young Entrepreneurs Committee of the All-China Federation of Industry and Commerce (全國工商聯青年企業家委員會) since June 2023. Mr. Wu was also recognized as a Leading Talent in Technological Entrepreneurship (科技創業領軍人才) under the Guangdong Special Support Program (廣東特支計劃) by the Organization Department of the CPC Guangdong Provincial Committee (中共廣東省委組織部) and the Department of Science and Technology of Guangdong Province (廣東省科學技術廳) in May 2016, an Innovative and Entrepreneurial Talent (科技創新創業人才) by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) in October 2018 and an Outstanding Establisher of Business in Communism with Chinese Characteristics of Guangdong Province (廣東省優秀中國特色社會主義事業建設者) by the United Front Work Department of the CPC Guangdong Provincial Committee (中共廣東省委統戰部), the Department of Industry and Information Technology of Guangdong Province (廣東省工業和信息化廳), the Human Resources and Social Security Department of Guangdong Province (廣東省人力資源社會保障廳), the Guangdong Administration for Market Regulation (廣東省市場監督管理局), and the Guangdong Federation of Industry and Commerce in November 2019. Furthermore, he was also honored as a National Outstanding Entrepreneur (全國優秀企業家) for 2019-2020 by the China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會) in November 2020 and an Outstanding Non-Public Economic Establisher of Business in Communism with Chinese Characteristics (全國非公有制經濟人士優秀中國特色社會主義事業建設者) by the United Front Work Department of the CPC Central Committee (中共中央統戰部), Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源社會保障部), and State Administration for Market Regulation of the PRC (國家市場監督管理總局) in July 2025.

Mr. Wu completed his studies at Ruichang Huangqiao Agriculture Secondary School (瑞昌市黃橋農業中學, currently known as Ruichang Modern Vocational Secondary School (瑞昌市現代職業中等專業學校)), majoring in mechanics, in the PRC in July 1998 and obtained his Executive Master of Business Administration (EMBA) degree from Tsinghua University (清華大學) in the PRC in September 2011 and his Doctor of Business Administration degree from University of Minnesota in the U.S. in May 2025.

Mr. Zhou Yongchong (周永沖), aged 50, joined our Group in November 2011 and has been our executive Director since May 2024, our chief financial officer since March 2014 and secretary to our Board since March 2026. He also served as our financial manager from November 2011 to January 2014. Mr. Zhou is primarily responsible for formulating our Group's business strategies and operational plans, overseeing and managing our Group's financial, accounting and securities matters. Mr. Zhou has also held leadership roles in certain of our principal operating subsidiaries, including serving as a director in Dongguan AFMING since September 2021, a financial manager in Dongguan Topstar Intelligent Equipment Co., Ltd. (東莞拓斯達智能裝備有限公司) and Dongguan Topstar Technology Co., Ltd. (東莞拓斯達技術有限公司), respectively, since July 2023.

Mr. Zhou has over 20 years of profound expertise in accounting and finance. He served as (i) an accountant at Sichuan Pingchang County Bishan District Grain and Oil Management Station (四川省平昌縣筆山區糧油管理站) from December 1996 to November 2003, (ii) an auditor and a project manager at Dongguan Hualian Certified Public Accountants (東莞市華聯會計師事務所) from November 2003 to December 2006, and (iii) a department manager at Dongguan Xincheng Certified Public Accountants (東莞市鑫成會計師事務所) from December 2006 to July 2010, and (iv) a department manager at Dongguan Hehui Certified Public Accountants (General Partnership) (東莞市和惠會計師事務所(普通合夥)) from July 2010 to November 2011.

Mr. Zhou obtained the intermediate accountant qualification from the Ministry of Finance of the PRC (中華人民共和國財政部) in May 2006, the certified tax agent qualification from the Guangdong Certified Tax Agents Association (廣東省註冊稅務師協會) in March 2009, and the certified public accountant qualification from the Guangdong Institute of Certified Public Accountants (廣東省註冊會計師協會) in May 2009.

Mr. Zhou obtained his diploma in commercial enterprise management from Southwestern University of Finance and Economics (西南財經大學) in the PRC in June 1996.

Mr. Zhang Peng (張朋), aged 42, joined our Group in July 2008. He has been our executive Director since February 2019 and our general manager of the industry and solution center since January 2025. He also successively served as our sales engineer, sales section manager, regional manager, general manager of the South China region, and general manager of the robotics and automation business unit from July 2008 to December 2024. Mr. Zhang is primarily responsible for formulating our Group's business strategies and operational plans, leading the overall management of the Industry and Solutions Center, and coordinating client acquisition.

Mr. Zhang obtained his bachelor's degree in materials forming and control engineering from Xiangtan University (湘潭大學) in the PRC in June 2008.

Mr. Lan Haitao (蘭海濤), aged 45, joined our Group in May 2011. He has been our executive Director since February 2019 and our general manager of the auxiliary equipment and manipulator product line since July 2024. He successively served as our manager of the R&D department, director of the R&D department, general manager of the manipulator business unit, general manager of the injection molding equipment business unit and general manager of the injection molding machine business unit from October 2020 to June 2024. Mr. Lan is primarily responsible for formulating our Group's business strategies and operational plans, and leading the daily operations and management of the robotic manipulator product line. Mr. Lan has also served as an executive director and a manager at Dongguan Intelligent Environment, a principal operating subsidiary of our Company, since November 2020.

Mr. Lan has over 20 years of extensive experience in the injection molding equipment industry. He successively served as (i) an engineer and a senior engineer at Zhongrilong Electrical Products (Shenzhen) Co., Ltd. (中日龍電器製品(深圳)有限公司) from 2003 to 2009, and (ii) a department manager (系長) and a section manager (課長) at Zhongrilong (Xiangfan) Electromechanical Technology Development Co., Ltd. (中日龍(襄樊)機電技術開發有限公司, currently known as Zhongrilong (Xiangyang) Electromechanical Technology Development Co., Ltd. (中日龍(襄陽)機電技術開發有限公司)), a company established in the PRC and primarily engaging in research, production and sales of industrial robots and automated fixtures, from 2009 to 2010.

Mr. Lan obtained his bachelor's degree in mechanical manufacturing and automation from Hubei Institute of Technology (湖北工學院), currently known as Hubei University of Technology (湖北工業大學), in the PRC in June 2003.

Dr. Wang Zhicheng (王志成), aged 52, joined our Group in October 2019. He has been (i) our executive Director since June 2025 and (ii) our general manager of the product R&D center since October 2024. He also served as our chief servo technical expert (首席伺服技術專家) and our servo department manager from October 2019 to October 2024. Dr. Wang is primarily responsible for formulating our Group's business strategies and operational plans, leading the research and development of core technology and core components and managing the Product R&D Center.

Dr. Wang has over 25 years of extensive expertise in computer application technology. He served as an embedded software R&D engineer at Dongfang Electronics Co., Ltd. (東方電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000682) from July 1998 to July 2003, and an embedded software R&D engineer at the CNC laboratory of Shenyang Institute of Computing Technology of Chinese Academy of Sciences (中國科學院沈陽計算技術研究所) from April 2006 to September 2007. He then successively served as a R&D engineer, a deputy minister, and the minister at the servo department of Shenyang Institute of Computing Technology of Chinese Academy of Sciences from July 2011 to April 2017. He then served as the director of the intelligent equipment institute at Shenyang Fengchi Software Co., Ltd. (沈陽風馳軟件股份有限公司), a company established in the PRC and primarily engaging in computer software development, from May 2017 to October 2019.

Dr. Wang obtained his bachelor's degree in applied physics from Northwestern Polytechnical University (西北工業大學) in the PRC in July 1998. He then obtained his master's degree in computer system architecture and his doctoral degree in computer application from Shenyang Institute of Computing Technology of Chinese Academy of Sciences in the PRC in April 2006 and in July 2011, respectively. He also completed his postdoctoral research at Shenyang Institute of Automation of Chinese Academy of Sciences (中國科學院瀋陽自動化研究所) in the PRC in December 2013.

Mr. Huang Jing (黃晶), aged 36, joined our Group in November 2021. He was appointed as our executive Director on January 15, 2026 and has been our general manager of the robot product line since June 2025. He also has served as the chief executive officer of Guangdong Matrix Zhituo Technology Co., Ltd. (廣東矩陣智拓科技有限公司) ("**Matrix Zhituo**"), a principal operating subsidiary of our Company, since July 2025. He served as our R&D manager of the robot product line from November 2021 to February 2024 and our vice general manager of the robot product line from February 2024 to June 2025. Mr. Huang is responsible for formulating our Group's business strategies and operational plans, and leading the daily operations and management of the robot product line and Matrix Zhituo.

Mr. Huang successively served as an R&D supervisor and an R&D manager from July 2017 to August 2021 at Shenzhen Zhongweixing Technology Co., Ltd. (深圳眾為興技術股份有限公司).

Mr. Huang obtained his bachelor's degree in mechanical design and automation from Hunan Agricultural University (湖南農業大學) in the PRC in June 2013, and his master's degree in mechanical engineering from Guangdong University of Technology (廣東工業大學) in the PRC in July 2017. Mr. Huang was qualified as an intermediate engineer from Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in August 2020.

Independent Non-Executive Directors

Ms. Yip Tak Yung Teresa (葉德容), aged 44, was appointed as our independent non-executive Director on January 15, 2026. Ms. Yip is primarily responsible for providing independent advice on the operations and management of our Group.

Ms. Yip successively served as a staff accountant and an audit manager at Deloitte Touche Tohmatsu from August 2005 to January 2013. She has been serving as a chief financial officer and a company secretary of Qianhai Health Holdings Limited (前海健康控股有限公司), a company listed on the Stock Exchange (stock code: 0911), since February 2013.

Ms. Yip obtained her bachelor's degree in business administration (Honours) in accountancy from City University of Hong Kong in August 2005. She is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Yang Lianda (楊聯達), aged 54, has been our independent non-executive Director since June 2025. Mr. Yang is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Yang possesses deep expertise in legal academia and extensive practical experience in law. Mr. Yang worked at the People's Government of Jin'e Town, Longchang City, Sichuan Province (四川省隆昌市金鵝鎮人民政府) in the PRC from July 1995 to October 1997. He then worked at the general manager's office of Dongguan Hongyuan Industrial Zone Co., Ltd. (東莞市宏遠工業區股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000573), and Guangdong Hongyuan Group Pharmaceutical Co., Ltd. (廣東宏遠集團藥業有限公司) from November 1997 to July 2007, where he was responsible for legal affairs. He then founded Dongguan Zhongbang Enterprise Management Consultant Co., Ltd. (東莞市中邦企業管理顧問有限公司) and served as an enterprise consultant from August 2007 to July 2008. After that, he successively worked at Guangdong Meihan Law Firm (廣東美瀚律師事務所), Guangdong Dawei Law Firm (廣東達維律師事務所), and Guangdong Junzheng Law Firm (廣東君政律師事務所) from August 2008 to February 2021. He has also served as a lawyer at Guangzhou Jinpeng (Dongguan) Law Firm (廣州金鵬(東莞)律師事務所) since March 2021.

Mr. Yang obtained the legal professional qualification certificate from the Ministry of Justice of the PRC (中華人民共和國司法部) in December 1999, the intermediate economist qualification from the Department of Personnel of Guangdong Province (廣東省人事廳) in February 2009, the project assessment analyst qualification from China General Chamber of Commerce (中國商業聯合會) in April 2014, the corporate legal risk consultant qualification from China Association of Small and Medium Enterprises (中國中小企業協會) and China Training Network of Personnel and Talents (國家人事人才培訓網) in August 2021, the senior corporate compliance officer qualification from China Enterprise Evaluation Association (中國企業評價協會) in November 2023, and the independent director qualification certificate from the Shenzhen Stock Exchange in May 2025.

Mr. Yang graduated from Southwest University of Political Science and Law (西南政法大學) in the PRC majoring in business administration in July 1995 and graduated from Sun Yat-sen University (中山大學) majoring in law in the PRC in December 2008.

Dr. Wan Jiafu (萬加富), aged 49, has been our independent non-executive Director since August 2022. Dr. Wan is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Wan possesses deep expertise in information and communication technologies (including artificial intelligence, industrial big data, etc.) and advanced manufacturing technologies, in both academia and within the industry. From July 2003 to April 2014, Dr. Wan held successive positions as teaching assistant, lecturer, and associate professor at Guangdong Polytechnic of Electromechanical Engineering (廣東機電職業技術學院). He then has successively served as an associate professor and a professor at the School of Mechanical and Automotive Engineering (機械與汽車工程學院), South China University of Technology (華南理工大學) since 2014. Dr. Wan has also served as a supervisor of Guangdong Qichuang Intelligent Technology Co., Ltd. (廣東啟創智能科技有限公司), a company established in the PRC and primarily engaging in software and information technology services with focusing

on smart manufacturing and IoT system development since September 2021 and an independent director of Jiahe Smart Technology Co., Ltd. (佳禾智能科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300793), since March 2023.

Dr. Wan led multiple major and key scientific research projects at provincial and national levels, including the National Key R&D Program project (國家重點研發計劃項目), the Key Project of NSFC-Guangdong Joint Fund (NSFC-廣東省聯合基金重點項目) and the Key Area R&D Program of Guangdong Province (廣東省重點領域研發計劃項目). He published over 150 SCI journal papers (including over 70 IEEE journal papers). Dr. Wan was selected as an IEEE Fellow (電氣電子工程師學會會士) in December 2024 and AAIA Fellow (亞太人工智能學會會士) in March 2025. He was also selected as a Global Highly Cited Researcher (全球高被引科學家) by Clarivate Analytics for six consecutive years from 2019 to 2024.

Dr. Wan obtained his bachelor's degree in automatic control from North China Institute of Technology (華北工學院), currently known as North University of China (中北大學) in the PRC in July 2000, his master's degree in control theory and control engineering from Guangdong University of Technology (廣東工業大學) in the PRC in July 2003, and his doctoral degree in mechatronic engineering from South China University of Technology (華南理工大學) in the PRC in June 2008.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. The following table sets forth the key information about the senior management of our Company.

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. Wu Fengli (吳豐禮)	45	Executive Director, chairperson of the Board and president of our Company	June 1, 2007	December 27, 2011	Responsible for overall management, strategic planning and decision-making for key business and operational matters of our Group
Mr. Zhou Yongchong (周永沖)	50	Executive Director, chief financial officer and secretary to our Board	November 10, 2011	March 24, 2014	Responsible for formulating our Group's business strategies and operational plans, overseeing and managing our Group's financial, accounting and securities matters

Mr. Wu Fengli (吳豐禮), aged 45, is our executive Director, chairperson of the Board and president. For Mr. Wu's biography, see "— Directors — Executive Directors" in this section.

Mr. Zhou Yongchong (周永沖), aged 50, is our executive Director, chief financial officer and secretary to our Board. For Mr. Zhou's biography, see "— Directors — Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. Sun Yushen (孫鈺珅), joined our Group in January 2024 and was appointed as one of our joint company secretaries on March 6, 2026. He has served as our representative for securities affairs since March 2026 and our senior securities officer from January 2024. He is primarily responsible for overseeing information disclosure and investor relations management.

Prior to joining our Group, Mr. Sun successively served as a project assistant, project manager and the head of the eighth business division at Shenzhen Everbloom Investment Consulting Co., Ltd. (深圳市九富投資顧問有限公司) from June 2018 to March 2023. He then served as the project director at Shenzhen Jinmaili Media Technology Co., Ltd. (深圳市金麥粒傳媒科技有限公司) from April 2023 to January 2024.

Mr. Sun obtained his bachelor's degree in accounting from Hubei University of Economics (湖北經濟學院) in the PRC in June 2018. He obtained the Qualification Certificate for Board Secretary (董事會秘書資格證書) issued by the Shenzhen Stock Exchange in August 2024.

Ms. Wong Mei Fung Carrie (黃美鳳), was appointed as one of our joint company secretaries on December 29, 2025.

Ms. Wong is a manager of entity solutions of Computershare Hong Kong Investor Services Limited. She has over 20 years of work experience in the field of corporate secretarial and regulatory compliance services.

Ms. Wong obtained her bachelor of arts degree in accounting and finance from Edinburgh Napier University in January 2013. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu (in his capacity as our chairperson and president) received a regulatory letter from the Shenzhen Stock Exchange on December 24, 2021 and a warning letter from the CSRC Guangdong Bureau on January 30, 2022, and Mr. Zhang Peng (in his capacity as our Director) also received a warning letter from the CSRC Guangdong Bureau on January 30, 2022, in relation to their short-term trading within six months after purchase of the 2021 Convertible Bonds. Pursuant to applicable securities laws in the PRC, disposal of equity-nature securities (including convertible bonds) subsequent to acquisition within six months constitute short-term trading which is prohibited for a director of an A-share listed company. The 2021 Incident was primarily attributable to Mr. Wu and Mr. Zhang Peng's inadvertent oversight and was not intentional. Each of Mr. Wu and Mr. Zhang Peng has returned to our Company all proceeds earned through such disposal of the 2021 Convertible Bonds concerned, being RMB1,851,500 and RMB82,400, respectively. In addition, Mr. Wu, Mr. Zhang Peng and our Group have taken further rectification measures, including: (i) Mr. Wu undertook not to reduce his shareholdings for a period of 12 months from November 3, 2021; (ii) our Group has issued an announcement on the SZSE to disclose the details of the incident and apologize for the non-compliance; (iii) our Group has reviewed and enhanced the relevant internal policies and issued the Management Policy on the Holding and Trading of Shares of the Company by Directors and Senior Management (董事和高級管理人員持有和買賣公司股票管理制度) to further regulating the trading activities of its Directors and senior management; and (iv) our Group has provided enhanced internal training on securities laws and regulations, restrictions on securities dealings and short-swing trading requirements.

As of the Latest Practicable Date and to our Company's best knowledge, (i) the 2021 Incident has been concluded, (ii) there has not been any further regulatory request, action or correspondence imposed on Mr. Wu and Mr. Zhang Peng by the CSRC Guangdong Bureau or the Shenzhen Stock Exchange, and (iii) other than disclosed above, Mr. Wu and Mr. Zhang Peng have not been imposed any other penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the 2021 Incident.

Our Directors (excluding Mr. Wu and Mr. Zhang Peng) are of the view that Mr. Wu and Mr. Zhang Peng's suitability to act as Directors is not affected by the 2021 Incident, with regard to the following reasons:

(i) as of the Latest Practicable Date, there are no facts and/or circumstances which suggest that Mr. Wu or Mr. Zhang Peng is not qualified to act as a director of a listed company pursuant to applicable PRC laws and regulations. As advised by

our PRC Legal Advisor, as of the Latest Practicable Date, in accordance with PRC Company Law and the applicable regulations of the Shenzhen Stock Exchange, Mr. Wu and Mr. Zhang Peng will not be disqualified to serve as Directors due to the 2021 Incident; and

(ii) as advised by our PRC Legal Advisor, each of the warning letter and regulatory letter against Mr. Wu and the warning letter against Mr. Zhang Peng did not constitute an administrative penalty under the PRC Securities Law or other securities regulations or rules of the CSRC. In addition, given the CSRC Guangdong Bureau and the Shenzhen Stock Exchange have already taken the above regulatory measures, the possibility that the securities regulatory authorities take further action against Mr. Wu and Mr. Zhang Peng in respect of the 2021 Incident is remote.

On December 30, 2025, our Company, along with responsible personnels, including, among others, Mr. Wu (in his capacity as our actual controller, chairperson and president) and Mr. Zhou Yongchong (in his capacity as our chief financial officer) received a warning letter from the CSRC Guangdong Bureau in relation to the Incidents Concerned. Our Company also received a relevant regulatory letter from the Shenzhen Stock Exchange in relation to the 2025 Incidents on the same date. For details, please refer to "History, Development and Corporate Structure — Our A Share Listing and Reasons for the H Share [**REDACTED**]" in this document.

Notwithstanding the regulatory letter and the warning letter imposed by the relevant authorities, our Directors (excluding Mr. Wu and Mr. Zhou Yongchong) are of the view that Mr. Wu and Mr. Zhou Yongchong are suitable to act as Directors of our Company pursuant to Rules 3.08 and 3.09 of the Listing Rules, having regard to the following reasons:

(i) each of Mr. Wu and Mr. Zhou Yongchong confirms that the Incidents Concerned were not due to fraud or personal dishonesty, nor did the regulatory letter and the warning letter cast doubt on their qualifications;

(ii) as advised by our PRC Legal Advisor, each of the regulatory letter and the warning letter does not constitute an administrative penalty under the PRC laws, regulations or rules and is not regarded as a material non-compliance;

(iii) as of the Latest Practicable Date, Mr. Wu and Mr. Zhou Yongchong were not subject to any administrative penalty by the CSRC or the Shenzhen Stock Exchange due to the warning letter and the regulatory letter, respectively. Based on information available, as of the Latest Practicable Date, there has not been any rulings made by the competent authorities that affect Mr. Wu and Mr. Zhou Yongchong's suitability to act as our Directors; and

(iv) Mr. Wu and Mr. Zhou Yongchong joined training sessions on the directors' and senior management's duties and corporate governance of Hong Kong [**REDACTED**] companies, so as to keep abreast of the laws and regulations applicable to Hong Kong [**REDACTED**] companies and their directors and senior management.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 26, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

Each of our Directors (excluding our independent non-executive Directors) confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, each of our Directors and senior management members confirms with respect to himself or herself that (i) he or she had no other relationship with any Director, senior management or substantial Shareholder of our Company as of the Latest Practicable Date; and (ii) he or she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas.

Except as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of our Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. Upon the [**REDACTED**], the Audit Committee will comprise Ms. Yip Tak Yung Teresa, Mr. Yang Lianda and Dr. Wan Jiafu with Ms. Yip Tak Yung Teresa as the chairperson. Ms. Yip Tak Yung Teresa has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Yang Lianda, Dr. Wan Jiafu and Dr. Wang Zhicheng, with Mr. Yang Lianda as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Yang Lianda, Ms. Yip Tak Yung Teresa and Mr. Zhou Yongchong with Mr. Yang Lianda as the chairperson.

Strategy and ESG Committee

Our Board has established a Strategy and ESG Committee with written terms of reference in compliance with the relevant PRC laws and regulations. The primary duties of the Strategy and ESG Committee are to research and make recommendations to our Board on our long-term development strategies and major investment decisions. The Strategy and ESG Committee comprises Mr. Wu, Mr. Zhang Peng and Dr. Wan Jiafu, with Mr. Wu as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon the [**REDACTED**] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairperson and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Wu, performs both the roles of the chairperson of our Board and the president of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Wu is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairperson of our Board and president of our Company to Mr. Wu can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent non-executive Directors. Our Board will reassess the division of the roles of chairperson and the chief executive officer from time to time and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company [has adopted] a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of one female and eight male Directors ranging from 36 to 54 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance. They obtained degrees in various majors including business administration, mechanical engineering and computer application. Taking into account our existing business model and specific needs, as well as the diverse background of our directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION

Our Directors receive remuneration in the form of fees, basic salaries, allowances and benefits in kind, share-based payments, contributions to pension schemes and discretionary bonuses. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors and former supervisors for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 were RMB5.13 million, RMB5.44 million, RMB6.58 million and RMB2.82 milllion, respectively. None of our Directors or former supervisors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB14.92 million.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 and the three months ended March 31, 2026 included nil, nil, 3 and 2 Director(s), respectively. During the same periods, the aggregate amount of remuneration of the remaining 5, 5, 2 and 3 highest-paid non-director individuals (including fees, basic salaries, allowances and benefits in kind, share-based payments, contributions to pension schemes and discretionary bonuses) were RMB5.45 million, RMB6.40 million, RMB4.39 million and RMB2.57 milllion, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors, former supervisors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, former supervisors or the five highest paid individuals for the loss of office as a director or supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors or former supervisors in respect of the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Red Solar Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

FUTURE PLANS

See "Business" in this Document for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**]), we estimate that we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million after deducting [**REDACTED**] fees and commissions and estimated [**REDACTED**] expenses paid and payable by us in the [**REDACTED**], assuming no [**REDACTED**] is exercised.

We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the proportions set forth below:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for the research and development of embodied AI technology and the development of embodied AI products. Specifically:

  (i) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used to enhance our data collection device, develop industrial vertical models and advance the development of general embodied AI models. This includes improving data collection, transmission, processing and storage capabilities, as well as establishing integrated data acquisition systems to support model training and iteration across diversified scenarios, enabling our embodied AI products to truly understand and perform work.

  The [**REDACTED**] will primarily be used for (a) the recruitment of R&D personnel with relevant expertise; and (b) the procurement of related equipment, software, consumables and services, including data collection devices and systems, computing and storage resources, model training platforms, and cloud and data-related services.

  (ii) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for the technological advancement of robotic systems and the development of embodied AI products. This includes integrating AI models into existing multi-joint robots and workstations to enhance AI levels, as well as the research and iteration of embodied AI products, such as humanoid and other multi-form robotic systems. Such technological advancements are supported by the continuous enhancement of our core technologies, including control technology, servo drives and vision systems, which together improve adaptability, precision, reliability and scalability across diverse industrial application scenarios.

  The [**REDACTED**] will be used for (a) the expansion of our R&D team; and (b) the procurement of equipment, software, consumables and services, including prototype development, simulation and testing tools, operating systems and control software, sensors, embedded components, and outsourced design, testing and certification services to support our embodied AI products upgrade.

  (iii) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for the research and development of modular sensing joints and the enhancement of multi-sensor fusion technologies.

  The [**REDACTED**] will be primarily applied to (a) the recruitment of R&D personnel; and (b) the procurement of equipment, software and services, including perception joint components, sensors, chips and related processing units, sensor fusion algorithms, and system integration tools. We set out below our planned recruitment of research and development personnel by function for 2026 to 2028, including their key responsibilities, expected headcount, recruitment expenses and required experience and qualifications.

Function	Total planned hires	Required experience and qualifications
Data and AI model R&D	20–25	bachelor's degree or above in computer science, artificial intelligence or related fields; typically 3–8 years of experience in machine learning, data engineering or model training; proficiency in pytorch, tensorflow or similar frameworks preferred
Robotics and embodied AI R&D	15–20	bachelor's degree or above in robotics, automation or mechanical engineering; typically 3–10 years of experience in robotics development, control systems or ai integration; experience in multi-axis robotic systems preferred
Sensing technology and multi-sensor fusion R&D	40–50	bachelor's degree or above in electronics, automation or computer engineering; typically 3–10 years of experience in sensor systems, embedded systems or perception algorithms; familiarity with vision, force or imu sensors preferred

The table below summarizes our planned investments, including the allocation of [**REDACTED**], the nature of such investments, and the expected advancements in intellectual property, equipment and technology infrastructure.

Investment area	Amount (HK$ million)	Equipment and infrastructure investments	Intellectual property/ technology development	Expected advancements
Data infrastructure and embodied AI model development . . .	[REDACTED]	industrial-grade sensor arrays (vibration, temperature, pressure, vision, acoustic), high-precision displacement and torque sensors, wearable data acquisition devices, gpu workstations, high-performance computing clusters and storage systems, industrial data platforms and cloud-based training infrastructure	development of proprietary data processing pipelines, industrial vertical ai models and embodied ai model architectures	(a) large-scale multi-modal industrial data acquisition and processing capability; (b) development of scenario-specific industrial ai models; (c) integration into general embodied ai frameworks across multiple industrial scenarios
Robotic intelligence upgrade and embodied AI products	[REDACTED]	embodied robot prototypes (including humanoid and multi-form robots), simulation and testing systems (motion capture and environment simulation), embedded ai chips, sensors and system integration equipment	development of operating systems, motion control algorithms, perception and sensor fusion software, human-machine interaction systems and simulation platforms	(a) improved adaptability and precision of robotic systems; (b) enhanced reliability through intelligent diagnostics and predictive maintenance; (c) scalable deployment of ai-enabled robotic systems

Investment area	Amount (HK$ million)	Equipment and infrastructure investments	Intellectual property/ technology development	Expected advancements
Modular sensing joints and multi-sensor fusion technologies . . .	[REDACTED]	modular joint components (motors, reducers, encoders), multi-modal sensors (vision, force, tactile, imu), ai chips, fpga units, testing and calibration systems	development of multi-sensor fusion algorithms, perception systems, embedded processing software and modular integration tools	(a) enhanced environmental perception and interaction capability; (b) higher precision and responsiveness; (c) improved compatibility across different robotic platforms

- Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for expansion of sales service network and brand building. The portion of [**REDACTED**] allocated to the expansion of our sales and marketing network will be deployed as follows: (i) approximately 60% will be used for our in-house sales and marketing teams, including recruitment of sales, technical support and marketing personnel; (ii) approximately 20% will be allocated to distributors, primarily in the form of sales support, channel development incentives and collaboration arrangements; and (iii) approximately 20% will be used for marketing service providers, including digital marketing, media partnerships and local marketing activities. Specifically:

  (i) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used to establish local sales and marketing teams in international markets. We plan to progressively establish local sales and service capabilities in key overseas markets. Our in-house sales and marketing team will primarily cover selected international markets, including Southeast Asia (such as Vietnam and Thailand), the Americas, as well as certain markets in Europe, the Middle East, Africa and Central Asia. We plan to (a) recruit and introduce high-skilled talent to establish localized teams; (b) lease office space; and (c) strengthen our overseas sales network.

  (ii) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used to expand sales network in Chinese Mainland, including (a) expanding the sales, marketing, and after-sales service personnel teams; and (b) establishing additional regional sales and marketing offices as well as after-sales service centers.

  (iii) Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for promotion of our "TopStar" branding, including (a) investing in strategic brand marketing initiatives, including brand promotion and market outreach activities, to enhance our brand awareness and influence in both domestic and international markets; (b) expanding marketing channels, increasing our use of online marketing and media partnerships, so as to broaden our local customer outreach; and (c) organizing seminars, participating in industry exhibitions and forums, and sharing the latest industry trends with potential customers and industry stakeholders worldwide to strengthen brand image and influence among a wider customer base.

We set out below the Group's planned recruitment of sales, marketing and related personnel by function for 2026 to 2028, including their key responsibilities, expected headcount, recruitment expenses and required experience and qualifications.

Function	Total planned hires	Required experience and qualifications
Overseas sales and technical support	38–47	bachelor's degree or above in engineering, business or related fields; typically 3–8 years of experience in industrial equipment sales or technical support; familiarity with local markets and languages preferred
Domestic sales and after-sales service	300	diploma or above; typically 1–5 years of experience in industrial sales, customer service or after-sales support; strong communication skills and regional market knowledge preferred
Branding and marketing . .	15	bachelor's degree or above in marketing, communications or related fields; typically 3–8 years of experience in branding or digital marketing; experience in industrial or technology sectors preferred

- Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for strategic [**REDACTED**]. This will be used for strategic investments, acquisitions, or strategic alliances. We plan to apply this portion of the [**REDACTED**] to pursue external investment and acquisition opportunities that are consistent with our strategic objectives in the embodied AI-related value chain, including potential investments in technologies or businesses that complement our existing operations, enhance our product portfolio, or extend our presence in related application sectors.

  The target should have (a) strong R&D capabilities, especially technologies that are complementary to our technologies, such as embodied AI models, multi-modal sensing and motion control technologies, (b) deep industry expertise and insights within the embodied AI-related value chain, backed by a management team with full-chain industry experience and strong resource reserves to enhance our supply chain resilience, (c) extensive experience with and recognition among customers, evidenced by batch deliveries to a diversified customer base and proven real-world operations free of major technical or delivery defects, or (d) product or service offerings that are synergistic with our business in terms of technology, applications, supply chain, and sales channels. In addition, we will consider certain quantitative factors in our selection process, including (1) the target's revenue scale and product mix, measured by proprietary product revenue and confirmed order volume, (2) growth potential, capturing historical revenue CAGR and addressable market headroom, (3) profitability profile assessed through consolidated and segment gross margins as well as sustained R&D reinvestment efficiency, and (4) financial position evaluating liquidity, cash flow sustainability, and market-comparable valuation multiples. As of the Latest Practicable Date, we have not identified specific acquisition targets. We believe that such investments and acquisitions would allow us to strengthen our core technologies, diversify our application scenarios, and accelerate our global market penetration, thereby generating synergies to support long-term revenue growth.

  According to Frost & Sullivan, there are over 500 potential investment and acquisition targets within the embodied AI-related value chain, including companies engaged in AI algorithms, sensing technologies, machine vision and key components, and such target pool is considered sufficient to support our strategic investment plans.

- Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] will be used for bank loan repayment. This will be primarily used to partially repay existing loans, including working capital facilities and guaranteed investment credit facilities obtained for fixed asset investments. As of March 31, 2026, we had RMB665.4 million in bank and other borrowings. These borrowings were primarily obtained to support our working capital needs and capital expenditure requirements for business expansion. Certain of our borrowings include fixed-asset loans entered into, to finance investments in production base and related fixed assets and are long-term in nature, with maturities extending to 2027 and 2034, respectively. These borrowings bear interest at fixed or floating rates. Floating-rate borrowings are generally priced with reference to the loan prime rate published by the National Interbank Funding Center, subject to an agreed adjustment margin and periodic repricing in accordance with the relevant loan agreements. The applicable interest rates for such floating-rate borrowings are generally determined based on the relevant LPR minus an adjustment margin of approximately 50 to 70 basis points, with repricing on a periodic basis in accordance with the terms of the respective loan agreements. We believe utilizing the [**REDACTED**] to repay these loans will help us save interest costs, optimize our capital structure, and improve our overall financial position.
- Approximately [**REDACTED**]% or HK$[**REDACTED**] million of the [**REDACTED**] is expected to be used for working capital supplementation and general corporate purposes.

The above allocation of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the estimated [**REDACTED**].

If the [**REDACTED**] is determined at HK$[**REDACTED**] per [**REDACTED**], being the high end of the [**REDACTED**] stated in this Document, after deducting the [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], we will receive [**REDACTED**] of approximately HK$[**REDACTED**] million.

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our future development plans as intended, we will only deposit such [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the above proposed use of [**REDACTED**].

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The following is the text of a report set out on pages [●] to [●] received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to Huatai Financial Holdings (Hong Kong) Limited pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGDONG TOPSTAR TECHNOLOGY CO., LTD AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangdong Topstar Technology Co., Ltd (廣東拓斯達科技股份有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-94, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024, 2025 and March 31, 2026, the statements of financial position of the Company as at December 31, 2023, 2024, 2025 and March 31, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 and the period ended March 31, 2026 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-94 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the initial [**REDACTED**] of H-shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024, 2025 and March 31, 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2025 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Interim Comparative Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about dividend declared or paid by the Company in respect of the Track Record Period.

BDO Limited
Certified Public Accountants

[●]
Practising Certificate Number [●]
Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
REVENUE	*7*	4,552,706	2,871,636	2,510,081	362,014	537,683
Cost of sales		(3,749,547)	(2,452,530)	(1,800,860)	(245,754)	(362,974)
Gross profit		803,159	419,106	709,221	116,260	174,709
Other income and gains	*8*	63,540	48,598	59,893	8,600	21,989
Selling and distribution expenses		(211,257)	(186,712)	(187,033)	(38,566)	(57,354)
Research and development costs		(137,997)	(109,170)	(130,352)	(24,436)	(30,912)
Administrative expenses		(201,210)	(211,824)	(242,845)	(39,324)	(52,764)
(Provision for)/reversal of expected credit loss ("**ECL**")	*10*	(65,740)	(86,895)	(59,115)	(7,359)	13,932
Other expenses		(66,278)	(58,973)	(50,922)	(5,231)	(6,529)
Finance cost	*9*	(59,751)	(60,024)	(21,864)	(7,775)	(4,636)
Share of result of associates		(164)	(942)	203	(237)	(2,765)
PROFIT/(LOSS) BEFORE TAX	*10*	124,302	(246,836)	77,186	1,932	55,670
Income tax (expenses)/credit	*11*	(18,310)	7,884	(4,045)	(2,730)	(12,825)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		105,992	(238,952)	73,141	(798)	42,845
Profit/(loss) for the year/period attributable to:						
Equity shareholders of the Company		88,033	(245,241)	73,872	3,854	48,083
Non-controlling interests	*38*	17,959	6,289	(731)	(4,652)	(5,238)
		105,992	(238,952)	73,141	(798)	42,845

	Notes	Year ended December 31,			Three months ended March 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
OTHER COMPREHENSIVE INCOME/(LOSS)						
Item that may be reclassified or is subsequently reclassified to profit or loss:						
– Exchange differences on translation of overseas subsidiaries and associates		1,515	313	(4,764)	(563)	(4,859)
Other comprehensive income/(loss) for the year/period		1,515	313	(4,764)	(563)	(4,859)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		107,507	(238,639)	68,377	(1,361)	37,986
Total comprehensive income/(loss) for the year/period attributable to:						
Owners of the Company		89,548	(244,928)	69,108	3,291	43,224
Non-controlling interests	*38*	17,959	6,289	(731)	(4,652)	(5,238)
		107,507	(238,639)	68,377	(1,361)	37,986
Earnings/(loss) per share (RMB) attributable to owners of the Company						
Basic and diluted	*13*	0.21	(0.58)	0.16	0.01	0.10

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	2024	2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Investments in associates	*15*	4,744	3,784	3,987	9,327
Property, plant and equipment	*16*	1,056,396	981,154	941,792	942,226
Right-of-use assets	*19*	300,723	241,435	218,312	217,134
Goodwill	*18*	85,232	70,505	49,026	49,026
Intangible assets	*17*	51,525	31,879	25,065	23,631
Investment properties	*20*	-	270,234	424,210	420,391
Trade receivables	*24*	18,475	29,367	11,912	7,000
Financial assets at fair value through profit or loss	*21*	6,149	300	352	54,419
Deferred tax assets	*22*	116,854	145,396	157,202	146,339
Total non-current assets		1,640,098	1,774,054	1,831,858	1,869,493
Current assets					
Inventories and other contract costs	*23*	699,206	630,050	918,209	935,847
Trade and bills receivables	*24*	2,346,160	1,439,795	1,189,975	1,208,477
Contract assets	*32*	597,473	672,558	616,122	455,656
Prepayments and other receivables	*25*	265,493	259,310	328,878	322,619
Financial assets at fair value through profit or loss	*21*	297,857	337,775	40,003	234,815
Restricted deposits	*26*	287,686	116,728	171,905	120,655
Cash and cash equivalents	*26*	959,272	705,402	1,120,176	819,790
Total current assets		5,453,147	4,161,618	4,385,268	4,097,859
Current liabilities					
Trade and bills payables	*27*	1,869,403	1,419,935	1,479,061	1,246,880
Other payables and accruals	*28*	487,627	412,502	468,021	408,107
Contract liabilities	*32*	490,106	325,375	556,339	509,505
Lease liabilities	*33*	8,567	1,303	2,428	2,460
Borrowings	*29*	655,448	543,398	268,102	336,645
Current tax liabilities		51,576	37,033	46,261	46,892
Total current liabilities		3,562,727	2,739,546	2,820,212	2,550,489
Net current assets		1,890,420	1,422,072	1,565,056	1,547,370
TOTAL ASSETS LESS CURRENT LIABILITIES		3,530,518	3,196,126	3,396,914	3,416,863

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Borrowings	*29*	270,308	252,600	355,112	328,716
Convertible bonds	*30*	651,300	–	–	–
Lease liabilities	*33*	30,494	2,010	2,267	2,299
Deferred income	*31*	17,765	16,413	14,715	13,381
Provisions	*34*	36,386	21,067	27,578	31,143
Deferred tax liabilities	*22*	9,128	8,863	7,992	7,773
Total non-current liabilities		1,015,381	300,953	407,664	383,312
NET ASSETS		2,515,137	2,895,173	2,989,250	3,033,551
EQUITY					
Equity attributable to owners of the Company					
Share capital	*35*	424,830	476,972	476,972	476,972
Reserves	*36*	1,986,222	2,319,639	2,391,881	2,441,242
		2,411,052	2,796,611	2,868,853	2,918,214
Non-controlling interests	*38*	104,085	98,562	120,397	115,337
TOTAL EQUITY		2,515,137	2,895,173	2,989,250	3,033,551

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Investments in associates	*15*	4,744	3,784	3,987	3,536
Property, plant and equipment	*16*	462,933	615,667	512,357	506,653
Right-of-use assets	*19*	204,151	189,175	165,095	164,145
Intangible assets	*17*	12,251	4,504	2,981	2,612
Investment properties	*20*	–	–	162,932	161,295
Investments in subsidiaries	*40*	1,497,736	1,459,946	1,481,946	1,431,946
Trade receivables	*24*	570	1,954	–	–
Amounts due from subsidiaries	*40*	–	19,282	16,660	15,988
Financial assets at fair value through profit or loss	*21*	5,323	–	–	54,100
Deferred tax assets	*22*	40,593	46,338	42,252	39,236
Total non-current assets		2,228,301	2,340,650	2,388,210	2,379,511
Current assets					
Inventories and other contract costs	*23*	268,429	151,991	159,733	170,377
Trade and bill receivables	*24*	1,116,985	548,824	479,785	501,224
Contract assets	*32*	47,940	87,500	61,561	56,666
Prepayments and other receivables	*25*	79,663	52,644	73,544	100,767
Amounts due from subsidiaries	*40*	771,490	918,309	1,127,554	1,253,862
Financial assets at fair value through profit or loss	*21*	–	70,138	–	40,030
Restricted deposits	*26*	155,787	64,420	117,212	54,782
Cash and cash equivalents	*26*	709,610	386,400	440,666	339,587
Total current assets		3,149,904	2,280,226	2,460,055	2,517,295

	Notes	As at December 31, 2023	2024	2025	As at March 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade and bills payables	*27*	432,158	280,197	256,456	213,716
Other payables and accruals	*28*	243,302	231,123	210,531	172,136
Amounts due to subsidiaries	*40*	1,063,077	764,788	949,041	1,111,953
Contract liabilities	*32*	243,313	231,928	423,724	331,594
Lease liabilities	*33*	1,962	176	229	230
Borrowings	*29*	474,770	279,919	65,497	132,822
Total current liabilities		2,458,582	1,788,131	1,905,478	1,962,451
Net current assets		691,322	492,095	554,577	554,844
TOTAL ASSETS LESS CURRENT LIABILITIES		2,919,623	2,832,745	2,942,787	2,934,355
Non-current liabilities					
Borrowings	*29*	261,520	233,942	304,589	272,073
Convertible bonds	*30*	651,300	–	–	–
Lease liabilities	*33*	9,996	–	157	99
Deferred income	*31*	17,765	16,413	14,694	13,360
Provisions	*34*	18,552	12,894	10,949	17,567
Total non-current liabilities		959,133	263,249	330,389	303,099
NET ASSETS		1,960,490	2,569,496	2,612,398	2,631,256
EQUITY					
Share capital	*35*	424,830	476,972	476,972	476,972
Reserves	*36*	1,535,660	2,092,524	2,135,426	2,154,284
TOTAL EQUITY		1,960,490	2,569,496	2,612,398	2,631,256

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company									
	Share capital	Capital reserve*	Other equity instrument*	Shares held under the share incentive scheme*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000 (Note 38)*	*RMB'000*
Balance at January 1, 2023	425,419	720,925	78,306	(34,348)	114,881	9,530	1,032,226	2,346,939	61,590	2,408,529
Profit for the year	–	–	–	–	–	–	88,033	88,033	17,959	105,992
Other comprehensive income for the year										
Exchange difference on translation	–	–	–	–	–	1,515	–	1,515	–	1,515
Total comprehensive income for the year	–	–	–	–	–	1,515	88,033	89,548	17,959	107,507
Conversion of bonds *(Note 30)*	–	8	(1)	–	–	–	–	7	–	7
Cancellation of shares *(Note 35)*	(589)	(3,725)	–	4,314	–	–	–	–	–	–
Partial disposal of subsidiaries *(Note 38)*	–	7,112	–	–	–	–	–	7,112	24,788	31,900
Share-based compensation *(Note 37)*	–	2,420	–	–	–	–	–	2,420	1,150	3,570
Acquisition of treasury shares	–	–	–	(4,968)	–	–	–	(4,968)	–	(4,968)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,402)	(1,402)
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	–	(30,006)	(30,006)	–	(30,006)

	Equity attributable to owners of the Company									
	Share capital	Capital reserve*	Other equity instrument*	Shares held under the share incentive scheme*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000 (Note 38)*	*RMB'000*
Balance at December 31, 2023 and January 1, 2024	424,830	726,740	78,305	(35,002)	114,881	11,045	1,090,253	2,411,052	104,085	2,515,137
(Loss)/profit for the year	–	–	–	–	–	–	(245,241)	(245,241)	6,289	(238,952)
Other comprehensive (loss)/income for the year										
Exchange difference on translation	–	–	–	–	–	313	–	313	–	313
Total comprehensive income for the year	–	–	–	–	–	313	(245,241)	(244,928)	6,289	(238,639)
Conversion of bonds *(Note 30)*	52,142	701,315	(78,305)	–	–	–	–	675,152	–	675,152
Additional interests in subsidiaries *(Note 38)*	–	(8,119)	–	–	–	–	–	(8,119)	(11,443)	(19,562)
Dissolution of a subsidiary	–	(376)	–	–	–	–	–	(376)	(1,384)	(1,760)
Share-based compensation *(Note 37)*	–	3,072	–	–	–	–	–	3,072	2,180	5,252
Acquisition of treasury shares	–	–	–	(21,131)	–	–	–	(21,131)	–	(21,131)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,165)	(1,165)
Dividend recognised as distribution *(Note 12)*	–	–	–	–	–	–	(18,111)	(18,111)	–	(18,111)
Balance at December 31, 2024 and January 1, 2025	476,972	1,422,632	–	(56,133)	114,881	11,358	826,901	2,796,611	98,562	2,895,173

	Equity attributable to owners of the Company									
	Share capital	Capital reserve*	Other equity instrument*	Shares held under the share incentive scheme*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000 (Note 38)*	*RMB'000*
Profit/(loss) for the year	–	–	–	–	–	–	73,872	73,872	(731)	73,141
Other comprehensive income for the year	–	–	–	–	–	–	–	–	–	–
Exchange difference on translation	–	–	–	–	–	(4,764)	–	(4,764)	–	(4,764)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(4,764)	73,872	69,108	(731)	68,377
Capital contribution by a non-controlling shareholder	–	–	–	–	–	–	–	–	20,000	20,000
Share-based compensation *(Note 37)*	–	3,134	–	–	–	–	–	3,134	2,988	6,122
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(422)	(422)
Appropriation to statutory reserve	–	–	–	–	4,322	–	(4,322)	–	–	–
Balance at December 31, 2025	476,972	1,425,766	–	(56,133)	119,203	6,594	896,451	2,868,853	120,397	2,989,250
Balance at January 1, 2026	476,972	1,425,766	–	(56,133)	119,203	6,594	896,451	2,868,853	120,397	2,989,250
Profit/(loss) for the period	–	–	–	–	–	–	48,083	48,083	(5,238)	42,845
Other comprehensive (loss)/income for the period										
Exchange difference on translation	–	–	–	–	–	(4,859)	–	(4,859)	–	(4,859)

	Equity attributable to owners of the Company									
	Share capital	Capital reserve*	Other equity instrument*	Shares held under the share incentive scheme*	Surplus reserve*	Exchange reserve*	Retained earnings*	Subtotal	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000*	*RMB'000 (Note 38)*	*RMB'000*
Total comprehensive income for the period	–	–	–	–	–	(4,859)	48,083	43,224	(5,238)	37,986
Share-based compensation *(Note 37)*	–	6,137	–	–	–	–	–	6,137	398	6,535
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(220)	(220)
Balance at March 31, 2026	476,972	1,431,903	–	(56,133)	119,203	1,735	944,534	2,918,214	115,337	3,033,551
Balance at January 1, 2025	476,972	1,422,632	–	(56,133)	114,881	11,358	826,901	2,796,611	98,562	2,895,173
Profit/(loss) for the period *(unaudited)*	–	–	–	–	–	–	3,854	3,854	(4,652)	(798)
Other comprehensive income for the period										
Exchange difference on translation *(unaudited)*	–	–	–	–	–	(563)	–	(563)	–	(563)
Total comprehensive income for the period *(unaudited)*	–	–	–	–	–	(563)	3,854	3,291	(4,652)	(1,361)
Share-based compensation *(Note 37) (unaudited)*	–	1,045	–	–	–	–	–	1,045	502	1,547
Balance at March 31, 2025 *(Unaudited)*	476,972	1,423,677	–	(56,133)	114,881	10,795	830,755	2,800,947	94,412	2,895,359

* These reserve accounts comprise the consolidated reserves as at December 31, 2023, 2024 and 2025 and March 31, 2026 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows from operating activities					
Profit/(loss) before tax	124,302	(246,836)	77,186	1,932	55,670
Adjustments for:					
Share-based compensation	3,570	5,252	6,122	1,547	6,535
Share of profit or losses of associates	164	942	(203)	237	2,765
Depreciation of property, plant and equipment	33,679	39,888	45,780	10,343	13,673
Depreciation of investment properties	–	–	11,092	2,220	3,819
Amortisation of intangible assets	7,825	12,836	8,272	1,789	1,434
Depreciation for right-of-use assets	16,250	13,404	6,492	1,766	1,806
Fair value gains on financial assets at fair value through profit or loss	(6,803)	(7,058)	(4,795)	(1,256)	(12,907)
Loss/(gain) on early termination of leases	245	(105)	(50)	(1,782)	(11)
Loss/(gain) on disposal of property, plant and equipment, net	3	2,302	179	(25)	(219)
Written down of inventories	31,531	35,773	20,189	5,335	4,819
Impairment of goodwill	20,780	14,727	21,479	–	–
Impairment of intangible assets	–	7,486	–	–	–
Interest income	(19,632)	(16,534)	(18,866)	(3,027)	(4,798)
Finance costs	59,751	60,024	21,864	7,775	4,636
Provision for/(reversal of) ECL	65,740	86,895	59,115	7,359	(13,932)
Operating profit before working capital changes	337,405	8,996	253,856	34,213	63,290
Decrease/(increase) in inventories	515,640	33,383	(329,632)	(85,097)	(26,384)
(Increase)/decrease in trade and bills receivables	(225,464)	884,300	197,227	180,935	(33,286)
(Increase)/decrease in contract assets	(315,441)	(146,041)	69,561	73,247	158,273
(Increase)/decrease in prepayments and other receivables	(31,474)	3,489	(69,857)	(25,672)	5,705
Increase/(decrease) in trade and bills payables	187,013	(449,468)	59,126	(261,082)	(232,181)
Increase/(decrease) in other payables and accruals	6,000	14,010	19,785	(53,987)	(19,044)
Increase/(decrease) in provision	2,861	(15,319)	6,511	(2,749)	3,565
(Decrease)/increase in contract liabilities	(148,381)	(164,731)	230,964	83,471	(46,834)
Increase/(decrease) in deferred income	3,568	(1,352)	(1,698)	(962)	(1,334)
Cash generated from/(used in) operations	331,727	167,267	435,843	(57,683)	(128,230)
Income tax paid	(54,374)	(35,489)	(7,494)	(1,601)	(1,550)
Net cash generated from/(used in) operating activities	277,353	131,778	428,349	(59,284)	(129,780)

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Cash flows from investing activities					
Purchase of property, plant and equipment	(194,650)	(272,548)	(127,610)	(15,930)	(10,465)
Proceeds from disposal of property, plant and equipment	128	855	224	130	504
Payment for acquisition of an associate	–	–	–	–	(7,774)
Purchase of intangible assets	(1,949)	(677)	(1,461)	–	–
Purchases of financial asset investments	(841,017)	(1,532,816)	(1,694,200)	(570,000)	(662,380)
Disposal of financial asset investments	845,857	1,466,366	1,998,280	627,162	462,483
Placement of restricted deposits	(367,504)	(370,744)	(213,832)	(2,258)	(52,684)
Release of restricted deposits	257,968	541,540	162,596	58,359	74,020
Interest received	19,632	16,534	18,866	3,027	4,798
Net cash (used in)/generated from investing activities	(281,535)	(151,490)	142,863	100,490	(191,498)
Cash flows from financing activities					
Proceeds from bank and other borrowings	919,285	763,084	702,871	448,658	117,800
Repayments of bank and other borrowings.	(785,389)	(897,276)	(875,421)	(97,703)	(75,686)
Redemption of convertible bonds	–	(2,296)	–	–	–
Dividends	(30,006)	(18,111)	–	–	–
Dividends paid to non-controlling interests	(1,402)	(1,165)	(422)	–	(220)
Capital contribution from non-controlling interests	31,900	–	20,000	–	–
Acquisition of non-controlling interests	–	(19,562)	–	–	–
Dissolution of a subsidiary	–	(1,760)	–	–	–
Repayments of lease liabilities	(12,246)	(7,772)	(3,398)	(652)	(924)
Acquisition of treasury shares	(4,968)	(21,131)	–	–	–
Proceed received in advance for share subscription	–	–	30,231	–	1,427
Share issue costs paid.	–	–	(1,903)	–	(12,083)
Interest paid	(37,224)	(30,208)	(23,976)	(8,349)	(4,210)
Net cash 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

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in Dongguan, Guangdong Province, the People's Republic of China (the "**Chinese Mainland**") on June 1, 2007 as a limited liability company. The Company's A shares have been listed on the Shenzhen Stock Exchange under the stock code 300607 since February 9, 2017. The registered office address and principal place of business of the Company are located at No. 35, Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province, the Chinese Mainland.

The Group are principally engaged in (i) the manufacturing and selling of (a) industrial robots and automation systems; (b) injection molding equipment; (c) intelligent energy and environmental projects; and (d) computer numercial control machining centers; and (ii) the leasing of properties.

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiaries	Date and place of incorporation/ establishment	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Topstar Software Technology (Dongguan) Co., Ltd.*[1], [2] ("拓斯達軟件技術(東莞)有限公司")	22 March 2013/ Chinese Mainland	Chinese Mainland	RMB1,425,100	100	–	Administrative and building management
Guangdong Tuolian Technology Co., Ltd.*[9] ("廣東拓聯科技有限公司")	13 April 2017/ Chinese Mainland	Chinese Mainland	RMB6,000,000	100	–	Wholesale and retail trade
Jiangsu Topstar Robot Co., Ltd.*[1], [2], [3] ("江蘇拓斯達機器人有限公司")	27 May 2017/ Chinese Mainland	Chinese Mainland	RMB500,000	100	–	Wholesale, retail trade and leasing services
Topstar Robot Technology (Suzhou) Co., Ltd.*[1] ("拓斯達機器人科技(蘇州)有限公司")	14 September 2017/ Chinese Mainland	Chinese Mainland	RMB1,000,000	100	–	Wholesale and retail trade
Ningbo Tuochen Robot Technology Co., Ltd.*[9] ("寧波拓晨機器人科技有限公司")	22 September 2017/ Chinese Mainland	Chinese Mainland	RMB1,000,000	100	–	Wholesale and retail trade
Dongguan Topstar Technology Co., Ltd.*[2], [3] ("東莞拓斯達技術有限公司")	11 August 2017/ Chinese Mainland	Chinese Mainland	RMB520,000,000	100	–	Equity investment and leasing services
Dongguan Tuosi Beida Energy Saving Technology Co., Ltd.*[9] ("東莞拓斯倍達節能科技有限公司")	24 May 2018/ Chinese Mainland	Chinese Mainland	RMB1,500,000	–	70	Production and manufacturing
Dongguan Topstar Intelligent Clean Technology Co., Ltd.*[2], [3] ("東莞市拓斯達智能潔淨技術有限公司")	20 December 2019/ Chinese Mainland	Chinese Mainland	RMB10,000,000	–	55	Production and manufacturing
Suzhou Topstar Intelligent Equipment Co., Ltd.*[1], [2] ("蘇州拓斯達智能裝備有限公司")	20 February 2020/ Chinese Mainland	Chinese Mainland	RMB30,000,000	–	100	Production and manufacturing
Dongguan Topstar Intelligent Clean Technology Co., Ltd.*[2], [3] ("東莞拓斯達智能系統技術有限公司")	24 April 2020/ Chinese Mainland	Chinese Mainland	RMB12,500,000	–	80	Production and manufacturing
Topstar Worldwide Group Limited*[4] ("拓斯達環球集團有限公司")	13 November 2017/ Hong Kong	Hong Kong	HKD5,000,000	100	–	Wholesale and retail trade of the Group's all types of products
Topstar (Vietnam) Technology Company Limited*[5], [6] ("拓斯達(越南)科技有限公司")	29 November 2019/ Vietnam	Vietnam	VND82,670,500,560	–	100	Whloesale and retail trade of the Group's all types of products
Topstar Intelligent Technology (Dongguan) Co., Ltd.*[1], [2], [3] ("拓斯達智能科技(東莞)有限公司")	27 February 2012/ Chinese Mainland	Chinese Mainland	RMB7,002,700	100	–	Production, manufacturing, sales and delivery of automation systems
Dongguan Topstar Intelligent Environment Technology Co., Ltd.*[1], [2], [3] ("東莞拓斯達智能環境技術有限公司")	21 May 2018/ Chinese Mainland	Chinese Mainland	RMB100,000,000	100	–	Sales, building and installation of intelligent energy and environmental projects
Dongguan Topstar Intelligent Equipment Co., Ltd.*[1], [2], [3] ("東莞拓斯達智能裝備有限公司")	1 June 2018/ Chinese Mainland	Chinese Mainland	RMB100,000,000	100	–	Production and manufacturing

Name of subsidiaries	Date and place of incorporation/ establishment	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Beijing Tuochen Technology Co., Ltd.*(9) (“北京拓晨科技有限公司”)	22 June 2021/ Chinese Mainland	Chinese Mainland	RMB1,000,000	–	100	Wholesale and retail trade
Topstar Tech Pte. Ltd*(9) (“拓斯達科技有限公司(新加坡)”)	6 April 2021/ Singapore	Singapore	USD500,000	–	100	Equity investment
PT Topstar Indonesia Technology* (7) (“拓斯達(印尼)科技有限公司”)	19 June 2023/ Indonesia	Indonesia	IDR10,001,000,000	–	67	Building and installation industry
Dongguan AFMING Numerical Control Equipment Technology Co., Ltd.*(1), (2), (3) (“東莞市埃弗米數控設備科技有限公司”) (“**AFMING**”)	17 June 2015/ Chinese Mainland	Chinese Mainland	RMB35,514,733	53.6	–	R&D, production, manufacturing, wholesale and retail trade of CNC machine tools
Dongguan AFMING Precision CNC Machine Tool Co.,Ltd.*(9) (“東莞市埃弗米精密數控機床有限公司”)	2 January 2024/ Chinese Mainland	Chinese Mainland	RMB10,000,000	–	53.6	Production and manufacturing, wholesale and retail trade
Jiangxi Topstar Technology Co., Ltd.*(9) (“江西拓斯達科技有限公司”)	14 September 2022/ Chinese Mainland	Chinese Mainland	RMB5,000,000	–	100	Wholesale and retail trade
Jiangsu Topstar Intelligent Environment Technology Co., Ltd.*(1), (2), (3) (“江蘇拓斯達智能環境科技有限公司”)	30 June 2021/ Chinese Mainland	Chinese Mainland	RMB42,140,000	–	100	Sales, building and installation of intelligent energy and environmental projects
Topstar Technology (Malaysia) Sdn, Bhd.*(9) (“拓斯達(馬來西亞)科技有限公司”)	8 May 2023/ Malaysia	Malaysia	RM750,000	–	100	Inactive
Topstar Mexico Technology, S.A. DE C.V.*(9) (“拓斯達(墨西哥)科技有限公司”)	2 October 2023/ Mexico	Mexico	MXN3,095,433	–	100	Wholesale and retail trade
Thai Topstar Technology Co., Ltd.* (9) (“拓斯達(泰國)科技有限公司”)	7 July 2023/ Thailand	Thailand	THB 10,000,000	–	49	Inactive
Matrix Intelligent Control Technology (Dongguan) Co., Ltd.*(9) (“矩陣智控技術(東莞)有限公司”)	27 November 2024/ Chinese Mainland	Chinese Mainland	RMB2,000,000	–	70	Research and experimental development
Guangdong Matrix Zhituo Technology Co., Ltd.*(9) (“廣東矩陣智拓科技有限公司”)	12 March 2025/ Chinese Mainland	Chinese Mainland	RMB50,000,000	51	–	Research and experimental development
Everson (Beijing) Software Technology Co., Ltd.*(9) (“埃弗生(北京)軟件技術有限公司”)	15 January 2025/ Chinese Mainland	Chinese Mainland	RMB1,000,000	–	53.6	Research and experimental development
Guangdong Matrix Huatuo Technology Co., Ltd.*(9) (“廣東矩陣華拓科技有限公司”)	27 May 2025/ Chinese Mainland	Chinese Mainland	RMB6,000,000	100	–	Research and experimental development

(1) The statutory financial statements of these subsidiaries for the year ended December 31, 2023 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.

(2) The statutory financial statements of these subsidiaries for the year ended December 31, 2024 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.

(3) The statutory financial statements of these subsidiaries for the year ended December 31, 2025 were prepared in accordance with the relevant accounting principles and financial regulations in Chinese Mainland and were audited by BDO China Shu Lum Pan CPAs LLP, Shenzhen Branch.

(4) The statutory financial statements of this subsidiary for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities and were audited by General Accounting CPA Limited.

(5) The statutory financial statements of this subsidiary for the year ended December 31, 2023 was prepared in accordance with the relevant accounting principles and financial regulations in Vietnam and were audited by Ping An Auditing & Consulting Co., Ltd.

(6) The statutory financial statements of this subsidiary for the years ended December 31, 2024 and 2025 were prepared in accordance with the relevant accounting principles and financial regulations in Vietnam and were audited by Ha Thanh Auditing Company Limited.

(7) No statutory financial statements have been prepared for the years ended December 31,2023 and December, 31 2024, as there is no annual statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation. The statutory financial statements of this subsidiary for the year ended December 31,2025 were prepared in accordance with the relevant accounting principles and financial regulations in Indonesia and were audited by Annatasia Dan Rekan.

(8) None of the subsidiaries had issued any debt securities at the end of each reporting period during the Track Record Period.

(9) No statutory financial statements have been prepared for these entities since incorporation, as these entities were not subject to annual statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation.

* The English translation of terms or names in Chinese which are marked with "*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Historical Financial Information has been prepared based on accounting policies set out in Note 4 which confirm with HKFRS Accounting Standards. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange 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, 2026 have been adopted by the 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 the 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 Note 5 below.

2.2 Basis of measurement

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the material accounting policy information set out below.

2.3 Functional and presentation currency

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company.

3. NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised HKFRS Accounting Standards, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to HKAS 21	Translation to a Hyperinflation presentation currency[2]

[1] No mandatory effective date yet determined but available for adoption

[2] Effective for annual periods beginning on or after January 1, 2027

The Group is in the process of making a detailed assessment of the impact of these new or amended HKFRS Accounting Standards upon initial application, so far, the Group considers that these new or amended HKFRS Accounting Standards, is unlikely to have a significant impact on the consolidated financial statements of the Group, except for HKFRS 18 with details as set out below.

HKFRS 18 Presentation and Disclosure in Financial Statements aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. The standard will change how companies present their results on the face of the income statement and disclose information in the notes to the financial statements. Certain 'non-GAAP' measures — management performance measures (MPMs) — will now form part of the audited financial statements. There will be three new categories of income and expenses, two defined income statement subtotals and one single note on management-defined performance measures. The effective date is 1 January 2027 and early adoption is permitted. The directors of the Company anticipate that the application of HKFRS 18 has no impact on the Group's financial positions and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries) comprising the Group for the Track Record Period.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights

- Substantive potential voting rights held by the Group and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances and unrealised gains on transactions have been eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiaries where necessary to ensure consistency with the policies adopted by the Group.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statements of financial position, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

4.3 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that

would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from the sales of industrial robots and automation systems; injection molding equipment; and computer numerical control machining centers is recognised at a point in time when the products are delivered to the customers' designated locations and the customers confirm the acceptance of the products.

The Group engages in intelligent energy and environmental projects to its customers which encompass the rendering of a combination of hardware and engineering design and development service. These sales contracts that the Group provides solution services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised from the contract by reference to the progress toward complete satisfaction of performance obligation at the end of each reporting period, measured using the input method based on the proportion of the actual costs incurred relative to the estimated total costs for the satisfaction of the services.

The Group also engages in intelligent energy and environmental projects (injection molding-related electromechanical engineering solutions) to its customers which relate to the sales of water, electricity and compressed air systems and related products, for which revenue is recognised at the point in time when the system products provided are installed, inspected and accepted by the customers.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. Contract asset is recognised when the customers retain retention money to secure the due performance of the contracts. Contract assets are assessed for expected credit losses in accordance with the policy set out in Note 4.12(b). Allowance for credit losses for contract assets is measured at an amount equal to lifetime expected credit losses. Expected credit losses on contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at each reporting date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which the milestones are reached. If the considerations (including advances received from customers) exceed the revenue recognised to date, then the Group recognises a contract liability for the difference.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Other income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4.4 Property, plant and equipment

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment, other than construction in progress, are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings	10-30 years
Machinery equipment	5-10 years
Transportation equipment	4 years
Furniture and fixtures	3-5 years
Electronic equipment	3-5 years
Leasehold improvement	Shorter of the unexpired lease terms and useful lives of 3 to 10 years

Construction-in-progress is stated at cost less any impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.5 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.6 Investment properties

Investment properties are property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, Investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of leased assets and investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

If a investment property becomes a property, plant and equipment because its use has changed as evidence by the commencement of owner-occupation, the carrying amount of the property at the date of transfer is transferred to property, plant and equipment.

A investment property is derecognised upon disposal or when the leased asset and investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.7 Leases

All leases are required to be capitalised in the consolidated statements of financial position/statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Accounting as a lessee

Right-of-use asset

The right-of-use asset is recognised at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

When the Group renegotiates the contractual terms of a lease with the lessor, where the renegotiated increases the scope of the lease, the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4.8 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash- generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

4.9 Intangible assets and research and development costs

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful life of trademark is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis. For other intangible assets, the amortisation expense is recognised in profit or loss. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

Patent right	10-50 years
Software and others	3-10 years

Intangible assets are tested for impairment as described in Note 4.10.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibilities of the prospective product internal use or sale;

(ii) sufficient technical, financial and other resources are available for completion;

(iii) there is intention to complete the intangible asset and use or sell it;

(iv) the Group's ability to use or sell the intangible asset is demonstrated;

(v) the intangible asset will generate probable economic benefits through internal use or sale; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are amortised over the periods the Group expects to benefit from using or selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are expensed as incurred.

4.10 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Investments in subsidiaries;
- Intangible assets with finite useful lives;
- Right-of-use assets;
- Investment in associate;
- Investment properties; and
- Contract costs capitalised under HKFRS 15

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that may be impaired. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash-generating unit ("**CGU**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standard, in which case the impairment loss is treated as a revaluation decrease under that HKFRS Accounting Standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years/periods. In respect of assets other than goodwill, reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS Accounting Standard. An impairment loss in respect of goodwill is not reversed.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

4.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.12 Financial instruments

(a) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss ("**FVTPL**") are recognised immediately in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(b) Impairment loss on financial assets

The Group recognises allowance for credit losses for expected credit loss ("**ECLs**") on trade receivables, contract assets and financial assets measured at amortised cost and debt investments measured at FVOCI. The 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. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures allowance for credit losses for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix with appropriate groupings or individually assessed for

credit-impaired debtors. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a allowance for credit losses, except for investments in debt instruments that are measured at FVOCI, for which the allowance for credit losses is recognised in other comprehensive income and accumulated in equity.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less allowance for credit losses) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(c) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including borrowings, trade and bills payables, convertible bonds, amounts due to subsidiaries and other payables and accruals are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Lease liabilities

Lease liabilities are measured at present value less lease repayments (see Note 4.7).

Convertible bonds

The proceeds received on issue of the Group's convertible bonds are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and is recognised within shareholders' equity, net of income tax effects.

(d) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(f) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.13 Foreign currency translation

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

4.14 Income tax

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.15 Employee benefits

(a) Defined contribution retirement plan

Pursuant to the relevant regulations of the Chinese Mainland government, the Group participates in a central pension scheme operated by the local municipal government, whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the period when the employees render the related service.

(c) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.17 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

Impairment of financial and contract assets

The measurement of the ECLs allowance for financial assets measured at amortised cost and contract assets is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in Note 45(b) to the Historical Financial Information. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognised.

Income taxes and deferred taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets based on estimates that are probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred tax assets mainly involved management's judgments and estimations about the timing and the amount of taxable profits of the companies that had tax losses. During the Track Record Period, deferred tax assets have not been recognised in respect of these accumulated tax losses and other deductible temporary differences based on the fact that future taxable profits would be uncertain.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 4.8. The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates.

Judgment is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumption applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss and other comprehensive income.

Impairment of the Group's non-current assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant, and equipment, right-of-use assets and intangible assets) at the end of each Track Record Period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on price that would be received to sell an asset or a group of assets in an orderly transaction between market participants less incremental costs for disposing of the asset or group of assets. When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. During the Track Record Period, except for those disclosed in notes 16 and 18 below, the Group concluded no impairment testing is required.

De-facto control

De-facto control exists when the size of an entity's own voting, rights relative to the size and dispersion of other vote holders, give the entity the practical ability to unilaterally direct the relevant activities of the investee. The Group holds less than 50% equity interest in AFMING during certain time within the Track Record Period and AFMING is still regarded as a subsidiary of the Company. The directors of the Company assessed whether or not the Group has control over AFMING based on whether the Group has the practical ability to direct the relevant activities of AFMING unilaterally. In making their judgement, the directors considered various factors, including but not limited to the Group's absolute size of holding in AFMING. After the assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of AFMING and therefore the Company has control over AFMING.

6. SEGMENT INFORMATION

(a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the directors of the Company, being chief operating decision maker, for their decisions about resources allocation to the Group's business components and for their review of these components' performance.

The chief operating decision maker ("**CODM**"), who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the directors of the Company.

During the reporting periods, the Group is principally engaged in (i) the manufacturing and selling of (a) industrial robots and automation systems; (b) injection molding equipment; (c) intelligent energy and environmental projects; (d) computer numerical control machining centers; and (ii) the leasing of properties. As for the purpose of making decisions about resources allocation and performance assessment, the CODM reviews the operating results and financial position of the Group as a whole, and no other discrete financial information is provided. Accordingly, only entity-wide disclosures, major customers and geographic information are disclosed.

(b) Geographical information

(i) Revenue from external customers

The Group is domiciled in Chinese Mainland, which is the location of the Group's principal office. The Group's revenues from external customers are divided into the following geographical areas:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Chinese Mainland	4,049,993	2,270,988	1,850,278	318,814	394,838
Vietnam	413,755	505,327	364,542	11,940	99,699
Indonesia	1,326	10,094	158,741	–	14,970
Others	87,632	85,227	136,520	31,260	28,176
	4,552,706	2,871,636	2,510,081	362,014	537,683

The Group's revenue information above is based on the services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at December 31, 2023, 2024, 2025 and March 31, 2026, majority of the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the Chinese Mainland.

(ii) Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for the corresponding periods, is set out below:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Customer A	456,555	N/A	N/A	N/A	N/A
Customer B	N/A	415,864	510,426	105,279	264,151
Customer C	N/A	336,843	N/A	N/A	N/A
Customer D	N/A	N/A	398,123	N/A	N/A

N/A – The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Group during that year/period.

7. REVENUE

The Group principally engaged in (i) the manufacturing and selling of (a) industrial robots and automation systems; (b) injection molding equipment; (c) computer numerical control machining centers; (d) intelligent energy and environmental projects; and (ii) the leasing of properties. All the Company's revenue is derived from contracts with customers.

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Types of goods and services:					
Industrial Robots and Automation Systems	968,532	754,930	685,139	177,646	321,888
Injection Molding Equipment	430,796	511,215	498,686	97,726	109,668
Computer Numerical Control machining Centers	349,056	308,164	325,053	32,677	53,115
Intelligent Energy and Environmental Projects	2,685,951	1,229,495	915,312	38,882	30,351
Others *(Note)*	105,074	45,754	48,591	7,531	12,756
	4,539,409	2,849,558	2,472,781	354,462	527,778
Revenue from other source:					
Rental income	13,297	22,078	37,300	7,552	9,905
	4,552,706	2,871,636	2,510,081	362,014	537,683

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Timing of revenue recognition under HKFRS 15					
Goods or services transferred at a point in time	1,895,024	1,799,166	1,745,454	319,895	504,597
Services transferred over time	2,644,385	1,050,392	727,327	34,567	23,181
	4,539,409	2,849,558	2,472,781	354,462	527,778

Note: Others mainly refer to revenue generated from sales of spare parts and rendering repair services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue				
Within one year	2,001,631	1,306,101	1,423,952	1,382,995

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

8. OTHER INCOME AND GAINS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Bank interest income	19,556	15,563	17,507	2,937	4,328
Other interest income	76	971	1,359	90	470
Government grants *(Note)*					
– reclass from deferred income *(Note 31)*	8,206	7,350	9,476	961	1,334
– related to expenses *(Note)*	22,634	13,628	24,425	2,392	2,462
Fair value gain on financial assets at FVTPL	6,803	7,058	4,795	1,256	12,907
Sundry income	6,265	4,028	2,331	964	488
	63,540	48,598	59,893	8,600	21,989

Note: Government grants mainly comprised of subsidies received/receivable for subsidising the Group's business for compensating expenses already incurred. There was no unfulfilled condition to receive government grants at the end of each reporting period.

9. FINANCE COSTS

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest charges on					
– borrowings	36,278	33,333	23,742	8,603	4,243
– lease liabilities	2,014	1,474	697	124	393
– convertible bonds	31,545	27,457	–	–	–
	69,837	62,264	24,439	8,727	4,636
Less: capitalise borrowing cost	(10,086)	(2,240)	(2,575)	(952)	–
	59,751	60,024	21,864	7,775	4,636

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2025 and 2026, the borrowing costs have been capitalised at a rates of 3.65% to 4.27%, 3.34%, 2.56% to 4.10%, 2.56% to 4.10% (unaudited) and Nil respectively to expenditure on qualifying assets.

10. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting) the following:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories recognised as expenses	3,710,266	2,408,234	1,739,434	234,940	354,900
Auditors' remuneration	750	750	750	–	–
Depreciation charge:					
– Property, plant and equipment *(Note 16)*	33,679	39,888	45,780	10,343	13,673
– Right-of-use assets *(Note 19)*	16,250	13,404	6,492	1,766	1,806
– Investment properties *(Note 20)*	–	–	11,092	2,220	3,819
Amortisation of intangible assets *(Note 17)*	7,825	12,836	8,272	1,789	1,434
Loss/(gain) on early termination of the lease	245	(105)	(50)	(1,782)	(11)
Short-term lease expenses	7,977	6,121	5,991	1,220	1,152
Impairment of goodwill *(Note a)*	20,780	14,727	21,479	–	–
Written-down of inventories *(Note a)*	31,531	35,773	20,189	5,335	4,819
Impairment of intangible assets *(Note a)*	–	7,486	–	–	–
Loss/(gain) on disposal of property, plant and equipment, net *(Note a)*	3	2,302	179	(25)	(219)
Employee costs (including directors' emoluments *(Note 14)*):					
– Salaries and wages	352,798	318,682	288,401	66,300	76,185
– Allowance and other benefits	101	101	120	30	55
– Share based payment expenses	3,570	5,252	6,122	1,547	6,535
– Discretionary bonus	10,050	20,902	44,494	7,251	6,572
– Retirement scheme contributions	31,677	30,879	29,111	7,428	7,302
	398,196	375,816	368,248	82,556	96,649
Provision for/(reversal of) ECL *(Note 45(b))*:					
– Trade receivables	49,204	10,896	69,893	3,372	(16,528)
– Bills receivables	574	277	155	419	(151)
– Contract assets	17,394	70,956	(13,125)	3,292	2,193
– Other receivables	(1,432)	4,766	2,192	276	554
	65,740	86,895	59,115	7,359	(13,932)

Note:

a) Impairment of goodwill, impairment of intangible assets, written-down of inventories and loss/(gain) on disposal of property, plant and equipment, net are included in "other expenses" in the consolidated statements of profit or loss and other comprehensive income.

11. INCOME TAX (EXPENSES)/CREDIT

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during each reporting period.

Vietnam corporate income tax has been provided at the rate of 20% on the estimated assessable profit in Vietnam during each reporting period.

Indonesia corporate income tax has been provided at the rate of 22%on the estimated assessable profit in Indonesia during each reporting period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries which the Group operates.

Taxes on profits assessable in Chinese Mainland have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the Corporate Income Tax Law in the Chinese Mainland effective on 1 January 2008, the Chinese Mainland corporate income tax rate of the Company's subsidiaries operating in Chinese Mainland during each reporting period was 25% of their taxable profits.

The Company were accredited as high and new technology enterprises ("**HNTE**") in 2022 under relevant Chinese Mainland laws and regulations. Accordingly, the Company was entitled to a preferential Corporate Income Tax ("**CIT**") rate of 15%. The certificate was valid for three years since its renewal in 2024.

Topstar Intelligent Technology (Dongguan) Co., Ltd were accredited as HNTE in 2022 and 2025 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2022 to 2027.

Jiangsu Topstar Technology Co., Ltd were accredited as HNTE in 2022 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2022 to 2024.

AFMING were accredited as HNTE in 2024 under relevant Chinese Mainland laws and regulations. Accordingly, the company was entitled to a preferential CIT rate of 15% from 2024 to 2026.

On 26 March 2023, the State Tax Bureau of the Chinese Mainland issued the Public Notice 2023 No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their "R&D" expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards. Certain qualified subsidiaries of the Company have claimed such super deduction in ascertaining their tax assessable profits/(losses) for 2023, 2024 and 2025.

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax expenses					
Chinese Mainland					
– Tax for the year/period.	47,411	9,334	8,055	1,133	–
– (Over)/under provision in respect of prior periods	(455)	6,253	4,719	864	1,366
Elsewhere					
– Tax for the year/period.	5,426	4,747	4,154	1,786	1,647
– Under/(Over) provision in respect of prior periods	56	589	(206)	(880)	(832)
	52,438	20,923	16,722	2,903	2,181
Deferred tax *(Note 22)*	(34,128)	(28,807)	(12,677)	(173)	10,644
	18,310	(7,884)	4,045	2,730	12,825

The income tax (expenses)/credit for each reporting period can be reconciled to the profit/(loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit/(loss) before tax	124,302	(246,836)	77,186	1,932	55,670
Tax calculated at applicable tax rate	18,646	(37,025)	11,578	290	8,351
Effect of different tax rates of subsidiaries operating outside Chinese Mainland	14,762	(25,548)	1,660	(1,014)	(1,080)
(Over)/under provision in prior periods	(399)	6,842	4,513	(16)	534
Non-taxable income	(893)	(202)	(158)	(17)	(1,297)
Tax effect of expenses not deductible for tax purpose	8,524	11,647	14,131	3,234	1,442
Tax effect of utilisation of tax loss not recognised	(5,826)	(16,779)	(16,129)	(401)	(319)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised	4,218	77,024	8,013	4,977	9,968
Tax incentive for research and development costs	(20,322)	(16,608)	(18,853)	(4,106)	(4,770)
Impact of tax rate changes	–	(6,684)	–	–	–
Tax effect of tax exemptions and incentives granted	(400)	(551)	(710)	(217)	(4)
Income tax expenses/(credit)	18,310	(7,884)	4,045	2,730	12,825

12. DIVIDENDS

The final dividend for the years ended December 31, 2022 and 2023 of RMB0.071 and RMB0.043 per ordinary share, in aggregate amounts of approximately RMB30,006,000 and RMB18,111,000 respectively, were approved by the directors of the Company and paid during the years ended December 31, 2023 and 2024.

The final dividend for the year ended December 31, 2025 of RMB0.32 per 10.0 ordinary shares of the Company were approved by the shareholders in the annual general meeting on April 24, 2026.

13. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share (RMB'000)	88,033	(245,241)	73,872	3,854	48,083
Number of shares Weighted average number of ordinary shares (excluding shares held for share award) for the purposes of basic and diluted earnings/(loss) per share ('000)	422,675	425,560	472,501	472,501	472,501

Diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share as the Group's potential ordinary shares in existence for each reporting period had no dilutive effects on the basic earnings/(loss) per share.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' emoluments

Details of directors' remuneration during the Track Record Period are as follows:

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023							
Executive Directors							
Mr. Wu Fengli	–	265	–	–	34	–	299
Mr. Yang Shuangbao *(Note (v))*	–	202	–	130	34	–	366
Mr. Huang Daibo *(Note (xi))*	–	268	–	48	45	–	361
Mr. Yin Jianqiao *(Note (i))*	–	97	–	–	31	–	128
Mr. Zhang Peng	–	471	–	164	33	146	814
Mr. Lan Haitao	–	439	–	161	41	44	685
Mr. Mao Yongjun *(Note (iv))*	–	584	–	–	22	89	695
	–	2,326	–	503	240	279	3,348
Independent Non-Executive Directors							
Mr. Zhou Xin *(Note (x))*	–	–	17	–	–	–	17
Ms. Zhang Chunyan *(Note (ii))*	–	–	17	–	–	–	17
Mr. Feng Jierong *(Note (vii))*	–	–	34	–	–	–	34
Dr. Wan Jiafu	–	–	34	–	–	–	34
	–	–	102	–	–	–	102
Supervisors							
Mr. Wu Shengfeng *(Note (iii))*	–	230	–	362	10	–	602
Mr. Yang Shairu *(Note (xii))*	–	297	–	29	41	–	367
Mr. Tang Bo *(Note (xii))*	–	353	–	119	33	–	505
Mr. Fu Xiujiang *(Note (xii))*	–	178	–	2	23	–	203
	–	1,058	–	512	107	–	1,677
	–	3,384	102	1,015	347	279	5,127

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024							
Executive Directors							
Mr. Wu Fengli	–	241	–	631	36	–	908
Mr. Yang Shuangbao *(Note (v))*	–	207	–	466	36	–	709
Mr. Huang Daibo *(Note (xi))*	–	207	–	241	45	–	493
Mr. Zhang Peng	–	438	–	–	34	154	626
Mr. Lan Haitao	–	406	–	153	42	46	647
Mr. Zhou Yongchong *(Note (vi))*	–	480	–	359	31	149	1,019
Mr. Mao Yongjun *(Note (iv))*	–	173	–	–	5	(89)	89
	–	2,152	–	1,850	229	260	4,491
Independent Non-Executive Directors							
Mr. Zhou Xin *(Note (x))*	–	–	34	–	–	–	34
Mr. Feng Jierong *(Note (vii))*	–	–	34	–	–	–	34
Dr. Wan Jiafu	–	–	34	–	–	–	34
	–	–	102	–	–	–	102
Supervisors							
Mr. Yang Shairu *(Note (xii))*	–	242	–	78	42	–	362
Mr. Tang Bo *(Note (xii))*	–	244	–	1	34	–	279
Mr. Fu Xiujiang *(Note (xii))*	–	179	–	5	24	–	208
	–	665	–	84	100	–	849
	–	2,817	102	1,934	329	260	5,442

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025							
Executive Directors							
Mr. Wu Fengli	–	328	–	960	46	–	1,334
Mr. Yang Shuangbao *(Note (v))*	–	7	–	–	15	–	22
Mr. Huang Daibo *(Note (xi))*	–	237	–	–	64	–	301
Mr. Zhang Peng	–	491	–	1,120	43	30	1,684
Mr. Lan Haitao	–	424	–	356	51	(71)	760
Mr. Zhou Yongchong *(Note (vi))*	–	531	–	701	39	(121)	1,150
Dr. Wang Zhicheng *(Note (ix))*	–	455	–	300	42	(34)	763
	–	2,473	–	3,437	300	(196)	6,014
Independent Non-Executive Directors							
Mr. Zhou Xin *(Note (x))*	–	40	–	–	–	–	40
Mr. Feng Jierong *(Note (vii))*	–	21	–	–	–	–	21
Dr. Wan Jiafu	–	40	–	–	–	–	40
Mr. Yang Lianda *(Note (viii))*	–	20	–	–	–	–	20
	–	121	–	–	–	–	121
Supervisors							
Mr. Yang Shairu *(Note (xii))*	–	100	–	1	15	–	116
Mr. Tang Bo *(Note (xii))*	–	138	–	–	25	–	163
Mr. Fu Xiujiang *(Note (xii))*	–	138	–	2	21	–	161
	–	376	–	3	61	–	440
	–	2,970	–	3,440	361	(196)	6,575

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*
Three months ended March 31, 2025							
Executive Directors							
Mr. Wu Fengli	–	78	–	7	9	–	94
Mr. Yang Shuangbao *(Note (v))*	–	6	–	1	9	–	16
Mr. Huang Daibo *(Note (xi))*	–	55	–	5	11	–	71
Mr. Zhang Peng	–	119	–	10	9	60	198
Mr. Lan Haitao	–	106	–	9	11	18	144
Mr. Zhou Yongchong *(Note (vi))*	–	130	–	11	8	58	207
	–	494	–	43	57	136	730
Independent Non-Executive Directors							
Mr. Zhou Xin *(Note (x))*	–	10	–	–	–	–	10
Mr. Feng Jierong *(Note (vii))*	–	10	–	–	–	–	10
Dr. Wan Jiafu	–	10	–	–	–	–	10
	–	30	–	–	–	–	30
Supervisors							
Mr. Yang Shairu *(Note (xii))*	–	49	–	4	6	–	59
Mr. Tang Bo *(Note (xii))*	–	68	–	6	11	–	85
Mr. Fu Xiujiang *(Note (xii))*	–	69	–	6	9	–	84
	–	186	–	16	26	–	228
	–	710	–	59	83	136	988

	Fees	Salaries	Allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Three months ended March 31, 2026							
Executive Directors							
Mr. Wu Fengli	–	83	–	7	9	–	99
Mr. Zhang Peng	–	124	–	10	9	933	1,076
Mr. Lan Haitao	–	106	–	9	11	53	179
Mr. Zhou Yongchong *(Note (vi))*	–	135	–	11	8	480	634
Dr. Wang Zhicheng *(Note (ix))*	–	195	–	16	15	80	306
Mr. Huang Jing *(Note (xiii))*	–	135	–	11	6	320	472
	–	778	–	64	58	1,866	2,766
Independent Non-Executive Directors							
Dr. Wan Jiafu	–	15	–	–	–	–	15
Mr. Yang Lianda *(Note (viii))*	–	15	–	–	–	–	15
Ms. Ye Derong *(Note (xiv))*	–	25	–	–	–	–	25
	–	55	–	–	–	–	55
	–	833	–	64	58	1,866	2,821

Notes:

(i) Mr. Yin Jianqiao resigned as an Executive Director of the Company on July 4, 2023.

(ii) Ms. Zhang Chunyan resigned as an Independent Non-Executive Director of the Company on July 4, 2023.

(iii) Mr. Wu Shengfeng resigned as a supervisor of the Company on July 3, 2023.

(iv) Mr. Mao Yongjun resigned as an Executive Director of the Company on March 25, 2024.

(v) Mr. Yang Shuangbao resigned as an Executive Directors of the Company on April 29, 2025.

(vi) Mr. Zhou Yongchong was appointed as an Executive Director of the Company on May 13, 2024.

(vii) Mr. Feng Jierong resigned as an Independent Non-Executive Director of the Company on June 20, 2025.

(viii) Mr. Yang Lianda appointed as an Independent Non-Executive Director of the Company on June 20, 2025.

(ix) Dr. Wang Zhicheng was appointed as an Executive Director of the Company on June 25, 2025.

(x) Mr. Zhou Xin resigned as an Independent Non-Executive Director of the Company on December 29, 2025.

(xi) Mr. Huang Daibo resigned as an Executive Director of the Company on December 26, 2025.

(xii) Mr. Fu Xiujiang, Mr. Yang Shairu and Mr. Tang Bo resigned as a supervisor of the Company on June 20, 2025.

(xiii) Mr. Huang Jing appointed as an Executive Director of the Company on January 15, 2026.

(xiv) Ms. Ye Derong appointed as an Independent Non-Executive Director of the Company on January 15, 2026.

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Track Record Period. There were no arrangements under which a director waived or agreed to waive any emolument during the Track Record Period.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(b) Five highest-paid individuals

Of the five individuals with the highest emoluments in the Group, included Nil, Nil, 3, Nil (unaudited) and 2 directors of the Company for each of the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, whose emoluments are disclosed above. The emoluments of the remaining 5, 5, 2, 5 (unaudited) and 3 individuals for each of the years ended December 31, 2023, 2024, 2025 and the three months ended March 31, 2025 and 2026, respectively, whose emoluments are analysed below:

	Year ended December 31,			Three months ended March 31,	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries	2,984	3,023	2,763	1,019	420
Allowance and other benefits	–	–	–	–	–
Discretionary bonuses	2,275	3,179	1,562	723	752
Retirement scheme contributions	189	195	62	32	23
Equity-settled share-based payments	–	–	–	187	1,372
	5,448	6,397	4,387	1,961	2,567

The number of the highest-paid non-director individuals fell within the following emolument bands:

	Year ended December 31,			Three months ended March 31,	
	2023	2024	2025	2025	2026
	No. of individuals	No. of individuals	No. of individuals	No. of individuals	No. of individuals
				(Unaudited)	
Nil to HKD1,000,000	–	–	–	5	2
HKD1,000,001 to HKD1,500,000	4	4	–	–	1
HKD1,500,001 to HKD2,000,000	1	–	1	–	–
HKD2,000,001 to HKD2,500,000	–	1	–	–	–
HKD2,500,001 to HKD3,000,000	–	–	–	–	–
HKD3,000,001 to HKD3,500,000	–	–	1	–	–
	5	5	2	5	3

During the Track Record Period, no emoluments were paid by the Group to any of the five highest-paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15. INVESTMENTS IN ASSOCIATES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets, net of accumulated impairment	4,744	3,784	3,987	9,327
Accumulated impairment	11,252	11,270	11,270	11,270

Aggregate information of associates that are not individually material

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregated carrying amount of individually immaterial associates	4,744	3,784	3,987	9,327

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amounts of the Group's share of:				
(Loss)/profit from continuing operations	(164)	(942)	203	(2,765)
Other comprehensive income	–	–	–	–
Total comprehensive (loss)/income	(164)	(942)	203	(2,765)

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets, net of accumulated impairment	4,744	3,784	3,987	3,536
Accumulated impairment	11,252	11,270	11,270	11,270

Aggregate information of associates that are not individually material

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregated carrying amount of individually immaterial associates	4,744	3,784	3,987	3,536

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate amounts of the Company's share of:				
(Loss)/profit from continuing operations	(164)	(942)	203	(451)
Other comprehensive income	–	–	–	–
Total comprehensive (loss)/income	(164)	(942)	203	(451)

Particulars of the Group's unlisted associates are as follows:

Name	Particulars of registered capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Percentage of ownership interest attributable to the Company	Principal activity
			%	%	
Wuhan JoTong Intelligent Technology Co., Ltd.	RMB5,714,000	Wuhan, Hubei, Chinese Mainland	30.00	30.00	Manufacturing
Guangdong Tuotao Network Technology Co., Ltd. ("**Tuotao**")	RMB16,263,000	Dongguan, Guangdong, Chinese Mainland	18.45*	18.45*	Network Information Technology
Biel Crystal Machinery (Singapore) Private Limited	USD 3,300,000 (equivalent to RMB22,808,000)	Singapore	34.00 (2023 to 2025: Nil)	–	Precision machinery manufacturing & trading

* The Group has significant influence even though it holds less than 20 percent of the equity interest of Tuotao as the Company has a representative in Tuotao's board of directors, hence the Company has significant influence over Tuotao, including participation in the financial, operating policy and strategic investment decisions.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At January 1, 2023	415,124	62,803	15,534	18,756	22,737	309,716	14,419	859,089
Additions	279	17,879	1,053	1,400	3,330	304,525	8,811	337,277
Transferred from construction-in-progress	133,289	1,841	–	–	–	(135,607)	477	–
Disposals	(143)	(14,615)	(506)	(173)	(526)	–	(834)	(16,797)
At December 31, 2023 and January 1, 2024	548,549	67,908	16,081	19,983	25,541	478,634	22,873	1,179,569
Additions	664	9,583	1,769	918	2,615	209,623	3,747	228,919
Transferred from construction-in-progress	388,851	7,016	–	151	23	(416,027)	19,986	–
Disposals	–	(12,494)	(997)	(2,935)	(2,230)	–	(3,630)	(22,286)
Transferred to investment property *(Note 20)*	(267,753)	–	–	–	–	–	(1,104)	(268,857)
At December 31, 2024 and January 1, 2025	670,311	72,013	16,853	18,117	25,949	272,230	41,872	1,117,345
Additions	30	5,890	4,593	2,049	3,803	132,211	3,543	152,119
Transferred from construction-in-progress	347,083	31,698	-	35	11,174	(399,166)	9,176	–
Transfer to investment properties *(Note 20)*	(190,248)	–	–	–	–	–	–	(190,248)
Disposals	–	(825)	(745)	(1,742)	(2,039)	–	(488)	(5,839)
At December 31, 2025 and January 1, 2026	827,176	108,776	20,701	18,459	38,887	5,275	54,103	1,073,377
Additions	–	458	21	602	5,098	8,072	240	14,491
Transferred from construction-in-progress	–	–	–	–	–	(1,908)	1,908	–
Disposals	–	(203)	(960)	(797)	(269)	–	–	(2,229)
At March 31, 2026	827,176	109,031	19,762	18,264	43,716	11,439	56,251	1,085,639
Accumulated depreciation:								
At January 1, 2023	31,311	19,956	10,686	12,889	11,495	–	4,696	91,033
Charge for the year	14,636	6,566	1,738	3,037	3,445	–	4,257	33,679
Disposals	(2)	(643)	(478)	(133)	(283)	–	–	(1,539)
At December 31, 2023 and January 1, 2024	45,945	25,879	11,946	15,793	14,657	–	8,953	123,173
Charge for the year	19,998	6,862	1,932	1,898	3,422	–	5,776	39,888
Disposals	–	(3,130)	(948)	(2,627)	(1,799)	–	–	(8,504)
Transferred to investment property *(Note 20)*	(18,366)	–	–	–	–	–	–	(18,366)
At December 31, 2024 and January 1, 2025	47,577	29,611	12,930	15,064	16,280	–	14,729	136,191
Charge for the year	24,982	7,448	1,804	1,293	4,249	–	6,004	45,780
Disposals	–	(676)	(683)	(1,647)	(1,780)	–	–	(4,786)
Transferred to investment property *(Note 20)*	(45,600)	–	–	–	–	–	–	(45,600)

	Buildings	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025 and January 1, 2026	26,959	36,383	14,051	14,710	18,749	–	20,733	131,585
Charge for the period	7,073	2,498	507	369	1,418	–	1,808	13,673
Disposals	–	(75)	(817)	(745)	(208)	–	–	(1,845)
At March 31, 2026	34,032	38,806	13,741	14,334	19,959	–	22,541	143,413
Net carrying amount:								
At December 31, 2023	502,604	42,029	4,135	4,190	10,884	478,634	13,920	1,056,396
At December 31, 2024	622,734	42,402	3,923	3,053	9,669	272,230	27,143	981,154
At December 31, 2025	800,217	72,393	6,650	3,749	20,138	5,275	33,370	941,792
At March 31, 2026	793,144	70,225	6,021	3,930	23,757	11,439	33,710	942,226

As at December 31, 2024, delays in constructing specific properties of the Group constituted an impairment indicator for the relevant construction in progress and land use rights with their carrying amounts as follows:

	As at December 31, 2024
	RMB'000
Land use rights	48,960
Construction in progress	235,565
	284,525

An impairment assessment was conducted and recoverable amount as determined with reference to fair value less costs of disposal was above the carrying amount by approximately RMB35,944,000. The fair value was determined under market approach based on comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties. The fair value estimation was at level 2 of fair value hierarchy. The valuation model is based on price per square metre.

The Company

	Building	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At January 1, 2023	190,208	30,735	11,521	13,113	14,478	79,766	8,645	348,466
Additions from external and intergroup entities	279	8,771	21	673	899	202,540	182	213,365
Transferred from construction-in-progress	70,801	–	–	–	–	(70,801)	–	–
Disposal to external and intergroup entities	(143)	(6,398)	(440)	(183)	(223)	–	(834)	(8,221)
At December 31, 2023 and January 1, 2024	261,145	33,108	11,102	13,603	15,154	211,505	7,993	553,610
Additions from external and intergroup entities	664	7,782	74	4,212	708	170,972	647	185,059
Transferred from construction-in-progress	376,352	17	–	–	8	(377,383)	1,006	–
Disposal to external and intergroup entities	–	(9,472)	(1,067)	(5,734)	(4,373)	–	(873)	(21,519)

	Building	Machinery equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024 and January 1, 2025	638,161	31,435	10,109	12,081	11,497	5,094	8,773	717,150
Additions from external and intergroup entities	30	12,389	4,638	1,493	2,989	55,938	1,720	79,197
Transferred from construction-in-progress	39,732	7,376	–	–	7,127	(58,385)	4,150	–
Disposal to external and intergroup entities	–	(7,059)	(969)	(2,494)	(995)	–	(446)	(11,963)
Transferred to investment properties	(190,248)	–	–	–	–	–	–	(190,248)
At December 31, 2025 and January 1, 2026	487,675	44,141	13,778	11,080	20,618	2,647	14,197	594,136
Additions from external and intergroup entities	–	355	–	502	59	1,579	46	2,541
Transferred from construction-inprogress	–	–	–	–	–	(240)	240	–
Disposal to external and intergroup entities	–	(1,425)	(960)	(625)	(411)	–	–	(3,421)
At March 31, 2026	487,675	43,071	12,818	10,957	20,266	3,986	14,483	593,256
Accumulated depreciation:								
At January 1, 2023	29,530	15,783	8,277	9,517	9,078	–	3,500	75,685
Charge for the year	6,402	3,258	980	1,906	1,635	–	1,929	16,110
Disposal to external and intergroup entities	(2)	(323)	(418)	(163)	(212)	–	–	(1,118)
At December 31, 2023 and January 1, 2024	35,930	18,718	8,839	11,260	10,501	–	5,429	90,677
Charge for the year	10,700	3,139	969	4,429	1,398	–	1,100	21,735
Disposal to external and intergroup entities	–	(2,123)	(1,001)	(5,091)	(2,714)	–	–	(10,929)
At December 31, 2024 and January 1, 2025	46,630	19,734	8,807	10,598	9,185	–	6,529	101,483
Charge for the year	19,280	5,128	1,156	1,428	2,637	–	1,163	30,792
Disposal to external and intergroup entities	–	(808)	(851)	(2,339)	(898)	–	–	(4,896)
Transferred to investment properties	(45,600)	–	–	–	–	–	–	(45,600)
At December 31, 2025 and January 1, 2026	20,310	24,054	9,112	9,687	10,924	–	7,692	81,779
Charge for the period	3,944	958	311	266	650	–	404	6,533
Disposal to external and intergroup entities	–	(140)	(817)	(374)	(378)	–	–	(1,709)
At March 31, 2026	24,254	24,872	8,606	9,579	11,196	–	8,096	86,603
Net carrying amount:								
At December 31, 2023	225,215	14,390	2,263	2,343	4,653	211,505	2,564	462,933
At December 31, 2024	591,531	11,701	1,302	1,483	2,312	5,094	2,244	615,667
At December 31, 2025	467,365	20,087	4,666	1,393	9,694	2,647	6,505	512,357
At March 31, 2026	463,421	18,199	4,212	1,378	9,070	3,986	6,387	506,653

17. INTANGIBLE ASSETS

The Group

	Patent right	Trademark	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	39,256	6,862	27,991	74,109
Additions	–	–	1,949	1,949
At December 31, 2023 and January 1, 2024	39,256	6,862	29,940	76,058
Additions	–	–	677	677
Disposal	–	–	(145)	(145)
At December 31, 2024 and January 1, 2025	39,256	6,862	30,472	76,590
Additions	–	–	1,461	1,461
Disposal	–	–	(8,277)	(8,277)
At December 31, 2025, January 1, 2026 and March 31, 2026	39,256	6,862	23,656	69,774
Accumulated amortization and impairment:				
At January 1, 2023	7,220	–	9,488	16,708
Charge for the year	4,071	–	3,754	7,825
At December 31, 2023 and January 1, 2024	11,291	–	13,242	24,533
Charge for the year	4,071	–	8,765	12,836
Impairment	624	6,862	–	7,486
Disposal	–	–	(144)	(144)
At December 31, 2024 and January 1, 2025	15,986	6,862	21,863	44,711
Charge for the year	5,806	–	2,466	8,272
Disposal	–	–	(8,274)	(8,274)
At December 31, 2025 and January 1, 2026	21,792	6,862	16,055	44,709
Charge for the period	862	–	572	1,434
At March 31, 2026	22,654	6,862	16,627	46,143
Net carrying value:				
At December 31, 2023	27,965	6,862	16,698	51,525
At December 31, 2024	23,270	–	8,609	31,879
At December 31, 2025	17,464	–	7,601	25,065
At March 31, 2026	16,602	–	7,029	23,631

All of the Group's software and other intangible assets were acquired from third parties. The above patent right and trademark were recognised as part of business combination in prior periods.

The Company

	Software and others
	RMB'000
Cost:	
At January 1, 2023	21,240
Additions	1,144
At December 31, 2023 and January 1, 2024	22,384
Additions	566
Disposal to external and intergroup entities	(925)
At December 31, 2024 and January 1, 2025	22,025
Additions	256
Disposal	(8,247)
At December 31, 2025, January 1, 2026 and March 31, 2026	14,034
Accumulated amortisation:	
At January 1, 2023	7,495
Charge for the year	2,638
At December 31, 2023 and January 1, 2024	10,133
Charge for the year	7,675
Disposal to external and intergroup entities	(287)
At December 31, 2024 and January 1, 2025	17,521
Charge for the year	1,779
Disposal	(8,247)
At December 31, 2025 and January 1, 2026	11,053
Charge for the period	369
At March 31, 2026	11,422
Net carrying value:	
At December 31, 2023	12,251
At December 31, 2024	4,504
At December 31, 2025	2,981
At March 31, 2026	2,612

18. GOODWILL

The movements of the goodwill are as follows:

The Group

	Goodwill
	RMB'000
Cost:	
At January 1, 2023, December 31, 2023 and January 1, 2024	201,918
Deregistration of a subsidiary	(2,482)
At December 31 2024, and January 1, 2025 and at December 31, 2025, January 1, 2026 and March 31, 2026	199,436
Accumulated impairment:	
At January 1, 2023	95,906
Impairment during the year	20,780
At December 31, 2023 and January 1, 2024	116,686
Impairment during the year	14,727
Deregistration of a subsidiary	(2,482)
At December 31, 2024 and January 1, 2025	128,931
Impairment during the year	21,479
At December 31, 2025, January 1, 2026 and March 31, 2026	150,410
Net carrying amount:	
At December 31, 2023	85,232
At December 31, 2024	70,505
At December 31, 2025 and March 31, 2026	49,026

Impairment testing

For the purpose of impairment testing, goodwill and trademark with indefinite useful lives set out in Note 17 have been allocated to three individual CGUs, comprising three subsidiaries of the Company. The carrying amounts of the goodwill and trademark (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill			Trademark		
	December 31, 2023	December 31, 2024	December 31, 2025	December 31, 2023	December 31, 2024	December 31, 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Topstar Intelligent Technology (Dongguan) Co. Ltd	–	–	–	6,862	–	–
AFMING	85,232	70,505	49,026	–	–	–
	85,232	70,505	49,026	6,862	–	–

In addition to goodwill and trademark above, property, plant and equipment, intangible assets and rights of use assets that generate cash flows together with the related goodwill and trademark are also included in the respective cash-generating unit for the purpose of impairment testing.

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

As at December 31, 2023, the management of the Group 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 the Group covering the following 5 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:

	December 31, 2023
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 amounting to RMB18,298,000 was recognised 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 at December 31, 2023. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as at 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 at December 31, 2024, the management of the Group 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 categorised into Level 3 fair value hierarchy.

Based on the results of the assessment, impairment loss of RMB7,486,000 was recognised 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 at December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU were nil as at 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 at 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 the Group covering the following 5 years with a pre-tax discount rate of 12.26% , 13.16% and 13.27% as at 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:

	Year ended December 31,		
	2023	2024	2025
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%

As at December 31, 2023, based on the results of the assessment, the management of the Group 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 at December 31, 2024, based on the results of the assessment, the management of the Group 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 at December 31, 2024. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as at 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 recognised. 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 recognised. 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 recognised. During the year ended December 31, 2024, the impairment loss of RMB14.7 million has been recognised 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.

As at December 31, 2025, based on the results of the assessment, the management of the Group 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 at December 31, 2025. Following the recognition of the impairment losses, the remaining headroom of this CGU was nil as at 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 recognised. 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 recognised. 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 recognised. During the year ended December 31, 2025, the impairment loss of RMB21.5 million has been recognised 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 31 December 2023, management of the Group 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 the Group's latest strategy.

19. RIGHT-OF-USE ASSETS

The Group

The following amount are recognised in the consolidated statements of financial position:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	262,867	237,964	212,601	211,441
Leased buildings	37,856	3,471	5,711	5,693
	300,723	241,435	218,312	217,134

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Addition to the right-of-use assets	31,470	1,851	4,525	1,241

The following amounts are recognised in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of the right-of-use assets				
– Land use rights	5,598	5,159	4,942	1,160
– Leased buildings	10,652	8,245	1,550	646
Loss/(gain) on early termination of leases	245	(105)	(50)	(11)
Short term lease expenses	7,977	6,121	5,991	1,152

The Company

The following amount are recognised in the statements of financial position:

	As at December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	193,092	189,003	164,711	163,819
Leased buildings	11,059	172	384	326
	204,151	189,175	165,095	164,145

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Addition to the right-of-use assets	746	–	460	–

The following amounts are recognised in the statements of profit or loss and other comprehensive income:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation charge of the right-of-use assets				
– Land use rights	4,089	4,089	3,871	892
– Leased buildings	2,497	2,090	248	58
	6,586	6,179	4,119	950

20. INVESTMENT PROPERTIES

The Group

	Investment properties
	RMB'000
At January 1, 2023, December 31, 2023 and January 1, 2024	
Cost	–
Accumulated depreciation	–
Net book amount	–
Year ended December 31, 2024	
Opening net book amount	–
Transfer from property, plant and equipment	250,491
Transfer from right-of-use assets	19,743
Depreciation	–
Closing net book amount	270,234
At December 31, 2024 and January 1, 2025	
Cost	291,274
Accumulated depreciation	(21,040)
Net book amount	270,234
Year ended December 31, 2025	
Opening net book amount	270,234
Transfer from property, plant and equipment	144,648
Transfer from right-of-use assets	20,420
Depreciation	(11,092)
	424,210
At December 31, 2025 and January 1, 2026	
Cost	507,552
Accumulated depreciation	(83,342)
Net book amount	424,210
Three months ended March 31, 2026	
Opening net book amount	424,210
Depreciation	(3,819)
	420,391
At March 31, 2026	
Cost	507,552
Accumulated depreciation	(87,161)
Net book amount	420,391

The Group's investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Group's investment properties are located on leasehold lands in the Chinese Mainland with land use periods from 50 years to 70 years.

Fair values of the investment properties as at December 31, 2024 and 2025 and March 31, 2026 are as follows:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Investment properties in the Chinese Mainland	547,010	673,400	667,380

The fair value of the Group's investment properties as at December 31, 2024, 2025, and March 31, 2026 are determined by valuations conducted by Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the other investment properties being valued. Under the valuation models, income-based approach has been adopted by taking into account the current rent passing of the properties and the reversionary potential of the tenancies. In determining the reversionary potential of the tenancies, market approach has been adopted with reference to the recent proposed leasing and sale transactions for similar premises in the proximity.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

For the years ended December 31, 2024, 2025, and three months period ended March 31, 2026, there were no transfers into or out of Level 3 or any other Level.

Investment properties rented out under operating leases

The Group rents out its investment properties to third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 3 months to 16 years.

Undiscounted rental receivable by the Group under non-cancellable operating lease arrangements at each reporting dates are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	N/A	26,242	39,640	41,173
One to two years	N/A	39,640	28,011	23,206
Two to three years	N/A	28,011	19,576	19,286
Three to four years	N/A	19,576	18,503	17,580
Four to five years	N/A	18,503	17,465	17,202
Over five years	N/A	181,205	163,740	158,476
	N/A	313,177	286,935	276,923

The Company

	Investment properties
	RMB'000
At January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	
Cost	–
Accumulated depreciation	–
Net book amount	–
Year ended December 31, 2025	
Opening net book amount	–
Transfer from property, plant and equipment	144,648
Transfer from right-of-use assets	20,420
Depreciation	(2,136)
Closing net book amount	162,932
At December 31, 2025 and January 1, 2026	
Cost	216,375
Accumulated depreciation	(53,443)
Net book amount	162,932
Three months ended March 31, 2026	
Opening net book amount	162,932
Depreciation	(1,637)
Closing net book amount	161,295
At March 31, 2026	
Cost	216,375
Accumulated depreciation	(55,080)
Net book amount	161,295

The Company's investment properties are measured using a cost model and depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line basis.

The Company's investment properties are located on leasehold lands in the Chinese Mainland with land use periods from 50 years to 70 years.

Fair values of the leased assets and investment properties as at December 31, 2025 and March 31, 2026 are as follows:

	As at December 31,	As at March 31,
	2025	2026
	RMB'000	*RMB'000*
Investment properties in the Chinese Mainland	181,060	180,990

The fair value of the Company's investment properties as at December 31, 2025 and March 31, 2026 are determined by valuations conducted by Colliers Appraised and Advisory Services (Shanghai) Co., Ltd, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the other investment properties being valued. Under the valuation models, income-based approach has been adopted by taking into account the current rent passing of the properties and the reversionary potential of the tenancies. In determining the reversionary potential of the tenancies, market approach has been adopted with reference to the recent proposed leasing and sale transactions for similar premises in the proximity.

The fair value estimation was at level 3 of fair value hierarchy.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

The Company rents out its investment properties to related and third parties tenants for rental income under operating leases. The rental agreements with tenants typically initially run for a short-term, with or without option to renew after that date at which time all terms are renegotiated. In general, short-term refers to a period of approximately 3 months to 10 years.

Undiscounted rental receivable by the Company under non-cancellable operating lease arrangements at the reporting date are as follows:

	As at December 31, 2025	As at March 31, 2026
	RMB'000	*RMB'000*
Within one year	18,742	18,906
One to two years	18,981	19,008
Two to three years	19,046	19,109
Three to four years	18,067	17,414
Four to five years	17,029	17,035
Over five years	161,782	157,669
	253,647	249,141

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
– Unlisted equity investments, at fair value	6,149	300	352	54,419
Current portion				
– Financial assets designated at FVTPL	297,857	337,775	40,003	210,143
– Listed equity investment, at fair value	–	–	–	24,672
	297,857	337,775	40,003	234,815
Total	304,006	338,075	40,355	289,234

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
– Unlisted equity investments, at fair value	5,323	–	–	54,100
Current portion				
– Financial assets designated at FVTPL	–	70,138	–	40,030
Total	5,323	70,138	–	94,130

During the Track Record Period, the Group entered into several contracts of wealth management products with financial institutions in the Chinese Mainland. The returns of those wealth management products were determined by reference to the performance of the underlying financial benchmarks and their expected return rates stated in the outstanding contracts as at December 31, 2023, 2024, 2025 and March 31, 2026 range from 1.39% to 2.51%, 1.50% to 2.95%, 1.10% to 2.30% and 1.10% to 2.30% per annum, respectively. In the opinion of the management of the Group, the fair value of the wealth management products at December 31, 2023, 2024, 2025 and March 31, 2026 approximated their principal amounts. All wealth management products will be matured within twelve months for the end of each reporting period.

22. DEFERRED TAX

The Group

Deferred tax recognised and movements during the Track Record Period are as follows:

	Impairment losses on financial and non-financial assets	Unused tax losses	Provision for liabilities	Deferred income	Lease liabilities	Fair value gain arising from business combinations	Fair value changes of financial assets	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	43,070	30,961	5,569	2,130	3,373	(4,599)	(1,301)	(3,236)	(2,369)	73,398
Credited/(charged) to profit or loss	9,237	20,966	349	535	4,886	567	1,087	(4,803)	1,304	34,128
At December 31, 2023 and January 1, 2024	52,307	51,927	5,918	2,665	8,259	(4,032)	(214)	(8,039)	(1,065)	107,726
Credited/(charged) to profit or loss	20,971	10,869	(2,380)	(203)	(7,584)	540	34	7,294	(734)	28,807
At December 31, 2024 and January 1, 2025	73,278	62,796	3,538	2,462	675	(3,492)	(180)	(745)	(1,799)	136,533
Credited/(charged) to profit or loss	7,934	387	1,967	(258)	350	517	164	(520)	2,136	12,677
At December 31, 2025 and January 1, 2026	81,212	63,183	5,505	2,204	1,025	(2,975)	(16)	(1,265)	337	149,210
(Charged)/credited to profit or loss	(3,970)	(7,219)	278	(195)	(66)	129	(20)	89	330	(10,644)
At March 31, 2026	77,242	55,964	5,783	2,009	959	(2,846)	(36)	(1,176)	667	138,566

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	116,854	145,396	157,202	146,339
Deferred tax liabilities	(9,128)	(8,863)	(7,992)	(7,773)
	107,726	136,533	149,210	138,566

Deferred tax assets have not been recognised in respect of the following item:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	94,836	330,458	270,605	322,807

The tax losses are available in five years for offsetting against future taxable profits arising from Chinese Mainland and Vietnam. Moreover, the tax losses of HNTE are available in ten years for offsetting against future taxable profits arising from Chinese Mainland. Deferred tax assets have not been recognised in respect of the above item as it is not considered probable that taxable profits will be available against which the above item can be utilised.

The Company

	Impairment losses on financial assets	Unused tax losses	Provision for liabilities	Deferred income	Lease liabilities	Fair value changes of financial assets	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	17,293	–	2,352	2,130	2,053	–	(1,941)	–	21,887
Credited/(charged) to profit or loss	1,921	16,411	(184)	535	(259)	–	282	–	18,706
At December 31, 2023 and January 1, 2024	19,214	16,411	2,168	2,665	1,794	–	(1,659)	–	40,593
Credited/(charged) to profit or loss	5,654	683	(234)	(203)	(1,767)	(21)	1,633	–	5,745
At December 31, 2024 and January 1, 2025	24,868	17,094	1,934	2,462	27	(21)	(26)	–	46,338
Credited/ (charged) to profit or loss	3,244	(7,101)	(291)	(258)	31	21	(33)	301	(4,086)
At December 31, 2025 and January 1, 2026	28,112	9,993	1,643	2,204	58	–	(59)	301	42,252
(Charged)/credited to profit or loss	(4,656)	–	992	(200)	(9)	(4)	10	851	(3,016)
At March 31, 2026	23,456	9,993	2,635	2,004	49	(4)	(49)	1,152	39,236

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	40,593	46,338	42,252	39,236
Deferred tax liabilities	–	–	–	–
	40,593	46,338	42,252	39,236

23. INVENTORIES AND OTHER CONTRACT COSTS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw material	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	357,956	254,818	472,426	401,608
	699,206	630,050	918,209	935,847

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw material	20,469	19,578	25,051	26,788
Work in progress	29,160	27,847	39,657	38,773
Finished goods	31,200	30,370	54,941	66,196
Other contract costs	187,600	74,196	40,084	38,620
	268,429	151,991	159,733	170,377

24. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Trade receivables	19,203	31,841	12,804	7,705
Less: allowance for credit losses	(728)	(2,474)	(892)	(705)
	18,475	29,367	11,912	7,000
Current portion				
Trade receivables	2,334,615	1,467,395	1,295,401	1,215,276
Less: allowance for credit losses	(202,788)	(209,437)	(267,651)	(234,001)
	2,131,827	1,257,958	1,027,750	981,275
Bills receivables	215,017	182,798	163,341	228,167
Less: allowance for credit losses	(684)	(961)	(1,116)	(965)
	214,333	181,837	162,225	227,202
	2,346,160	1,439,795	1,189,975	1,208,477
	2,364,635	1,469,162	1,201,887	1,215,477

An aging analysis of trade receivables, net of allowance for credit losses, as at the end of each reporting period, based on the invoice dates, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	895,052	472,432	424,450	443,853
6 months to 1 year	264,420	195,595	147,132	187,886
1 year to 2 years	847,322	275,314	201,207	148,090
2 years to 3 years	131,113	299,950	114,971	71,071
3 years to 4 years	10,851	42,298	146,327	132,835
4 years to 5 years	1,544	1,736	5,575	4,540
	2,150,302	1,287,325	1,039,662	988,275

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Group endorsed certain bills receivables accepted by the banks in the Chinese Mainland (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB418,104,000, RMB284,023,000, RMB171,326,000 and RMB158,400,000 respectively. In the opinion of the directors of the Company, the Group has transferred substantially all risks and rewards relating to Endorsed Bills and it has derecognised the carrying amounts of the Endorsed Bills of RMB313,197,000, RMB174,654,000, RMB102,080,000 and RMB102,295,000 and the associated trade payables of the same amount.

Regarding the remaining balance of the Endorsed Bills of RMB104,907,000, RMB109,369,000, RMB69,246,000 and RMB56,105,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled.

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Trade receivables	586	2,110	–	–
Less: allowance for credit losses	(16)	(156)	–	–
	570	1,954	–	–
Current portion				
Trade receivables	1,158,478	583,912	547,011	529,314
Less: allowance for credit losses	(105,492)	(80,531)	(119,569)	(88,497)
	1,052,986	503,381	427,442	440,817
Bills receivables	64,312	45,872	52,788	60,684
Less: allowance for credit losses	(313)	(429)	(445)	(277)
	63,999	45,443	52,343	60,407
	1,116,985	548,824	479,785	501,224
	1,117,555	550,778	479,785	501,224

An aging analysis of trade receivables, net of allowance for credit losses, as at the end of each reporting period, based on the invoice dates, is as follows:

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	413,212	174,060	160,819	230,093
6 months to 1 year	111,784	52,580	59,757	69,056
1 year to 2 years	437,316	126,868	91,866	55,497
2 years to 3 years	85,961	130,233	49,840	25,641
3 years to 4 years	4,109	20,875	61,659	58,796
4 years to 5 years	1,174	719	3,501	1,734
	1,053,556	505,335	427,442	440,817

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Endorsed Bills to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB143,405,000, RMB137,218,000, RMB125,014,000 and RMB93,463,000 respectively. In the opinion of the directors of the Company, the Company has transferred substantially all risks and rewards relating to Endorsed Bills and has derecognised the carrying amounts of the Endorsed Bills of RMB103,241,000, RMB105,618,000, RMB92,429,000 and RMB66,287,000 and the associated trade payables of the same amount.

Regarding the remaining balance of the Endorsed Bills of RMB40,164,000, RMB31,600,000, RMB32,585,000 and RMB27,176,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, in the opinion of the directors of the Company, the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled.

Trade receivables are generally due up to 6 month from the date of billing.

Further details on the Group's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 45(b).

25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at 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, net of ECL provision	36,172	24,456	50,451	63,677
VAT receivables	169,720	169,232	213,475	178,193
	265,493	259,310	328,878	322,619

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	26,964	19,214	11,661	20,833
Deferred share issued costs	–	–	14,910	23,725
Other receivables, net of ECL provision	14,581	10,385	20,956	20,805
VAT receivables	38,118	23,045	26,017	35,404
	79,663	52,644	73,544	100,767

26. RESTRICTED DEPOSITS, AND CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	959,272	705,402	1,120,176	819,790
Restricted deposits	287,686	116,728	171,905	120,655
	1,246,958	822,130	1,292,081	940,445

The Group's cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair values.

At December 31, 2023, 2024, 2025 and March 31, 2026, approximately RMB1,188,321,000, RMB704,969,000, RMB1,005,522,000 and RMB617,555,000 were cash deposited with banks or other financial institutions in the Chinese Mainland. These balances were denominated in RMB. RMB is not freely convertible into foreign currencies. Under the Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Chinese Mainland that are authorised to conduct foreign exchange businesses.

As at December 31, 2023, 2024, 2025 and March 31, 2026, restricted deposits held at banks were mainly denominated in RMB, the majority of which were provided for litigation, issuance of bills payable and bank loan.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	709,610	386,400	440,666	339,587
Restricted deposits	155,787	64,420	117,212	54,782
	865,397	450,820	557,878	394,369

The Company's cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair value.

At December 31, 2023, 2024, 2025 and March 31, 2026, approximately RMB865,397,000, RMB450,820,000, RMB557,878,000 and RMB394,369,000 were cash deposited with banks or other financial institutions in the Chinese Mainland. These balances were denominated in RMB. RMB is not freely convertible into foreign currencies. Under the Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Chinese Mainland that are authorised to conduct foreign exchange businesses.

As at December 31, 2023, 2024 and 2025, restricted deposits held at banks were mainly denominated in RMB, the majority of which were provided for litigation, issuance of bills payable and bank loan.

27. TRADE AND BILLS PAYABLES

The Group

	As at December 31,			As at 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
	1,869,403	1,419,935	1,479,061	1,246,880

An aging analysis of trade payables as at the end of each reporting period based on the billings dates, is as follows:

	As at December 31,			As at 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
	1,441,891	1,131,499	1,131,600	1,025,044

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	352,811	202,289	198,190	173,687
Bills payables	79,347	77,908	58,266	40,029
	432,158	280,197	256,456	213,716

An aging analysis of trade payables as at the end of each reporting period based on the billings dates, is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	305,048	145,417	162,479	146,612
1 to 2 years	36,250	36,812	10,459	5,325
2 to 3 years	8,422	14,733	14,345	13,930
Over 3 years	3,091	5,327	10,907	7,820
	352,811	202,289	198,190	173,687

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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
Accrual share issued cost	–	–	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
	487,627	412,502	468,021	408,107

Note:

As at December 31, 2023, 2024, 2025 and March 31, 2026, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables:				
– Payable for property, plant and equipment	93,429	91,651	35,086	19,406
– Payable for third parties service fees and deposit	44,572	40,740	39,046	37,366
Accrual share issued cost	–	–	14,326	9,155
Accrued payroll	55,653	57,911	43,716	41,082
Received in advance for share subscription under share incentive scheme	–	–	30,231	31,658
Other tax payables	49,648	40,821	48,126	33,469
	243,302	231,123	210,531	172,136

Note:

As at December 31, 2023, 2024, 2025 and March 31, 2026, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

29. BORROWINGS

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings				
– secured and guaranteed	148,074	233,651	381,966	421,401
– unsecured	777,682	562,347	241,248	243,960
	925,756	795,998	623,214	665,361

The analysis of the carrying amount of the bank and other borrowings is as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Portion of bank borrowings due for repayment within one year or on demand	655,448	543,398	244,922	316,165
Other borrowings due for repayment within one year or on demand	–	–	23,180	20,480
	655,448	543,398	268,102	336,645
Non-current				
Portion of bank borrowings due for repayment more than one year but less than two years	156,703	79,595	166,392	151,423
Portion of bank borrowings due for repayment more than two years but not exceeding five years	55,916	104,931	73,767	77,483
Portion of bank borrowings due for repayment more than five years	57,689	68,074	114,953	99,810
	270,308	252,600	355,112	328,716
Total borrowings	925,756	795,998	623,214	665,361

Notes:

a. The bank and other borrowings bear interest at fixed or floating interest rates. Their effective rates as the December 31, 2023, 2024, 2025 and March 31, 2026, ranged from 3.10% to 4.70%, from 2.80% to 4.49%, from 1.71% to 3.0%, from 1.52% to 4.87%, respectively per annum. Floating interest rate is adopted with People's bank of China's benchmark interest rate, or loan Prime Rate.

b. Certain bank and other borrowings were secured by the Group's bills receivable with carrying amounts of RMB33,689,000, RMB33,000,000, RMB18,902,000 and RMB8,535,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

c. Certain bank and other borrowings are guaranteed by Mr. Wu Fengli, the ultimate controlling party of the Company, and the Company. During the year ended 31 December 2025, the guarantees provided by Mr. Wu Fengli were fully released.

d. Certain bank and other borrowings are secured by the 46.9%, 53.6%, 53.6% and 53.6% equity interest of AFMING as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

e. The secured bank and other borrowings are secured by the assets of the Group, the carrying amounts of the assets are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	152,372	747,398	740,761
Right of use assets	60,085	107,774	212,601	211,441
	60,085	260,146	959,999	952,202

f. All bank and other borrowings are denominated in RMB.

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings				
– secured and guaranteed	63,104	57,094	183,937	227,254
– unsecured	673,186	456,767	186,149	177,641
	736,290	513,861	370,086	404,895

The analysis of the carrying amount of the bank and other borrowings is as follows:

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Portion of bank borrowings due for repayment within one year or on demand	474,770	279,919	42,317	112,342
Other borrowings due for repayment within one year or on demand	–	–	23,180	20,480
	474,770	279,919	65,497	132,822
Non-current				
Portion of bank borrowings due for repayment more than one year but less than two years	156,000	77,567	160,031	135,546
Portion of bank borrowings due for repayment more than two years but not exceeding five years	53,104	98,036	48,186	52,201
Portion of bank borrowings due for repayment more than five years	52,416	58,339	96,372	84,326
	261,520	233,942	304,589	272,073
Total borrowings	736,290	513,861	370,086	404,895

Notes:

a. The bank and other borrowings bear interest at fixed or floating interest rates. Their effective rates as the December 31, 2023, 2024, 2025 and March 31, 2026, ranged from 3.10% to 4.49%, 2.80% to 4.49%, 2.80%, and from 2.60% to 4.87%, per annum respectively. Floating interest rate is adopted with People's bank of China's benchmark interest rate, or loan Prime Rate.

b. Certain bank and other borrowings were secured by the Group's bills receivable with carrying amounts of RMB22,458,000, RMBNil, RMB15,343,000 and RMB8,535,000 as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

c. Certain bank and other borrowings are guaranteed by Mr. Wu Fengli, the ultimate controlling party of the Company, and the Company. During the year ended 31 December 2025, the guarantees provided by Mr. Wu Fengli were fully released.

d. Certain bank and other borrowings are secured by the 46.9%, 53.6%, 53.6% and 53.6% equity interest of AFMING as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively.

e. The secured bank and other borrowings are secured by the assets of the Company, the carrying amounts of the assets are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	–	152,372	466,708	462,770
Right of use assets	–	58,813	164,711	163,819
	–	211,185	631,419	626,589

f. All bank and other borrowings are denominated in RMB.

30. CONVERTIBLE BONDS

The Group and the Company

The Group had following convertible bond during the Track Record Period:

Name of bonds	Issuance amount	Issuance date	Maturity date
Topstar Convertible Bonds ("拓斯轉債")	RMB670,000,000	10 March 2021	9 March 2027

On March 10, 2021, the Company issued 6,700,000 convertible bonds for an aggregate principal amount of RMB670 million. The interest rates of the convertible bonds are as below:

First year: 0.30%
Second year: 0.50%
Third year: 1.00%
Fourth year: 1.50%
Fifth year: 1.80%
Sixth year: 2.00%

The convertible bonds will be mature in six years from the issuance date and can be convertible to ordinary shares of the Company at the holder's option at the conversion price of RMB42.25 per share at any time during the period from September 16, 2021 to the maturity date of the convertible bonds, but subject to the adjustment following the conversion terms if the Company triggers anti-dilution provisions. On July 6, 2021, August 27, 2021, July 14, 2022, December 31, 2022, July 4, 2023, September 25, 2023, June 14, 2024 and June 18, 2024, the conversion rate was adjusted, following the anti-dilution provisions, to RMB26.19 per share, RMB26.18 per share, RMB26.16 per share, RMB26.20 per share, RMB26.13 per share, RMB26.16 per share, RMB26.12 per share and RMB12.8 per share respectively.

During the conversion period, if the closing prices of the Company's A-shares are higher than 130% (inclusive) of the current conversion price for at least 15 trading days in 30 consecutive trading days, or if the outstanding balance of the convertible bonds that have not been converted is less than RMB30 million, the Company shall has the right to redeem all or part of the outstanding convertible bonds at par value plus the current accrued interest.

During the last 2 years of the conversion period, if the closing prices of the Company's A-shares are lower than 70% (inclusive) of the current conversion price for at least 30 trading days, the holders of the convertible bond will have the right to redeem all or part of the outstanding convertible bonds at par value plus the current accrued interest.

At initial recognition, the convertible bonds had been split into the liability component of and equity component. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in other equity instrument reserve.

The liability component of convertible bonds is subsequently carried at amortised cost using the effective interest method.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liability component as at January 1	625,825	651,300	–	–
Interest accrual *(Note 9)*	31,545	27,457	–	–
Interest payment	(6,063)	(1,309)	–	–
Conversion	(7)	(675,152)	–	–
Exercise of early redemption option during the year	–	(2,296)	–	–
Liability component as at December 31/March 31	651,300	–	–	–

For the years ended December 31, 2023 and 2024, convertible bonds with principal amount of RMB9,000 and RMB667,459,000 were converted into A shares of the Company.

31. DEFERRED INCOME

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants received	17,765	16,413	14,715	13,381

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, government grants of RMB11,775,000, RMB5,997,000, RMB7,778,000 and RMB Nil, respectively have been received in the current year/period related to assets and research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects.

As at December 31, 2023, 2024, 2025 and three months ended March 31, 2026, amounts of RMB17,765,000, RMB16,413,000, RMB14,715,000 and RMB13,381,000 respectively deferred income remains to be amortised.

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants received	17,765	16,413	14,694	13,360

For the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, government grants of RMB11,775,000, RMB5,997,000, RMB6,839,000 and RMB Nil, respectively have been received in the current year/period related to assets and research and development projects. The amount has been treated as deferred income and amortised over the useful lives of the relevant assets and periods of the respective research and development projects.

As at December 31, 2023, 2024, 2025 and March 31, 2026, amounts of RMB17,765,000, RMB16,413,000, RMB14,694,000 and RMB13,360,000 respectively relate to deferred income remains to be amortised.

32. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

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

Contract assets are initially recognised for revenue earned from the provision of goods and services, as the receipt of consideration is conditional on the customers' final acceptance and successful completion of services. Upon the customers' final acceptance of the goods and services, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, are as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	29,880	59,432	90,270	82,122
More than one year and less than two years	595,359	711,986	611,012	460,787
Total	625,239	771,418	701,282	542,909

Movements in contract assets

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at the beginning of the year/period	677,920	625,239	771,418	701,282
Rights of consideration for works amplitude but not yet billed	4,552,706	2,871,636	2,510,081	537,683
Transfer from contract assets recognised at the beginning of the reporting period to trade receivables	(4,605,387)	(2,725,457)	(2,580,217)	(696,056)
Balance as at the end of the year/period	625,239	771,418	701,282	542,909

An impairment analysis is performed at each reporting end during the Track Record Period using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on the past due status of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability-weighted outcome, the time value of money, and

reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

Information about the impairment of contract assets and the Group exposure to credit risk are set out in Note 45(b).

The Company

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
Provision of goods and services	50,071	99,298	64,283	59,352
Less: Allowance for credit losses	(2,131)	(11,798)	(2,722)	(2,686)
	47,940	87,500	61,561	56,666

Contract assets are initially recognised for revenue earned from the provision of goods and services, as the receipt of consideration is conditional on the customers' final acceptance and successful completion of services. Upon the customers' final acceptance of the goods and services, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively, are as follows:

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	24,474	50,187	61,932	57,001
More than one year and less than two years	25,597	49,111	2,351	2,351
Total	50,071	99,298	64,283	59,352

Movements in contract assets

	Year ended December 31,			Three months ended March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at the beginning of the year/period	280,571	50,071	99,298	64,283
Rights of consideration for works amplitude but not yet billed	1,646,469	1,397,597	1,374,248	461,494
Transfer from contract assets recognised at the beginning of the reporting period to trade receivables	(1,876,969)	(1,348,370)	(1,409,263)	(466,425)
Balance as at the end of the year/period	50,071	99,298	64,283	59,352

(b) Contract liabilities

The Group

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from				
Prepayments received from customers	490,106	325,375	556,339	509,505

The contract liabilities represented the advance consideration received from customers. The addition of contract liabilities was mainly due to the increase in cash payments made upfront by the Group's customers under sales contracts. The Group receives payment from customers based on billing schedule as established in contracts.

Movements in contract liabilities

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at the beginning of the year/period	638,487	490,106	325,375	556,339
Decrease in contract liabilities as a result of recognising revenue during the reporting period that was included in the contract liabilities at the beginning of the reporting period	(566,230)	(425,570)	(260,514)	(215,359)
Increase in contract liabilities as a result of billing in advance	417,849	260,839	491,478	168,525
Balance as at the end of the year/period	490,106	325,375	556,339	509,505

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities arising from				
Prepayments received from customers	243,313	231,928	423,724	331,594

The contract liabilities represented the advance consideration received from customers. The addition of contract liabilities was mainly due to the increase in cash payments made upfront by the Company's customers under sales contracts. The Company receives payment from customers based on billing schedule as established in contracts.

Movements in contract liabilities

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at the beginning of the year/period	273,793	243,313	231,928	423,724
Decrease in contract liabilities as a result of recognising revenue during the reporting period that was included in the contract liabilities at the beginning of the reporting period	(225,177)	(188,414)	(178,934)	(175,821)
Increase in contract liabilities as a result of billing in advance	194,697	177,029	370,730	83,691
Balance as at the end of the year/period	243,313	231,928	423,724	331,594

33. LEASE LIABILITIES

The Group

The Group lease properties to operate its business. These leases are typically made for fixed terms of two to five years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings (Note 16). The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably (Note 19).

The Group also lease properties with term of less than one year. These leases are short-term and the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Movement of the lease liabilities is analysed as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	21,328	39,061	3,313	4,695
New leases	31,470	1,851	4,525	1,241
Interest expense *(Note 9)*	2,014	1,474	697	393
Lease modification	(3,505)	(31,216)	(783)	(624)
Repayment of lease payments	(12,246)	(7,772)	(3,398)	(924)
Exchange difference	–	(85)	341	(22)
At the end of the year/period	39,061	3,313	4,695	4,759

Total cash outflows for leases included in the consolidated statements of cash flows for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 were RMB20,223,000, RMB13,893,000, RMB9,389,000 and RMB2,076,000, respectively.

The future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments	Future interest expenses	Present value
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2023			
– within 1 year	10,099	(1,532)	8,567
– 1 to 2 years, inclusive	7,138	(1,210)	5,928
– 2 to 3 years, inclusive	6,305	(972)	5,333
– 3 to 4 years, inclusive	6,344	(729)	5,615
– 4 to 5 years, inclusive	5,759	(496)	5,263
– over 5 years	8,860	(505)	8,355
	44,505	(5,444)	39,061
As at December 31, 2024			
– within 1 year	1,405	(102)	1,303
– 1 to 2 years, inclusive	1,193	(53)	1,140
– 2 to 3 years, inclusive	767	(17)	750
– 3 to 4 years, inclusive	124	(4)	120
	3,489	(176)	3,313
As at December 31, 2025			
– within 1 year	2,561	(133)	2,428
– 1 to 2 years, inclusive	2,194	(47)	2,147
– 2 to 3 years, inclusive	124	(4)	120
	4,879	(184)	4,695
As at March 31, 2026			
– within 1 year	2,581	(121)	2,460
– 1 to 2 years, inclusive	1,886	(45)	1,841
– 2 to 3 years, inclusive	466	(8)	458
	4,933	(174)	4,759

The Company

The Company lease properties to operate its business. These leases are typically made for fixed terms of two years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

In addition, the Company owns several industrial buildings where its manufacturing facilities are primarily located and office buildings (Note 16). The Company is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably (Note 19).

The Company also lease properties with term of less than one year. These leases are short-term and the Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

Movement of the lease liabilities is analysed as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	13,686	11,958	176	386
New leases	746	–	460	–
Interest expense	653	556	438	358
Lease modification	(123)	(9,820)	–	–
Repayment of lease payments	(3,004)	(2,518)	(688)	(415)
At the end of the year/period	11,958	176	386	329

Total cash outflows for leases for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 were RMB5,181,000, RMB3,779,000, RMB1,093,000 and RMB509,000, respectively.

The future lease payments of the Company's leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments	Future interest expenses	Present value
	RMB'000	*RMB'000*	*RMB'000*
As at December 31, 2023			
– within 1 year	2,445	(483)	1,962
– 1 to 2 years, inclusive	1,621	(417)	1,204
– 2 to 3 years, inclusive	1,442	(367)	1,075
– 3 to 4 years, inclusive	1,480	(317)	1,163
– 4 to 5 years, inclusive	1,557	(264)	1,293
– over 5 years	5,709	(448)	5,261
	14,254	(2,296)	11,958
As at December 31, 2024			
– within 1 year	180	(4)	176
	180	(4)	176
As at December 31, 2025			
– within 1 year	240	(11)	229
– 1 to 2 years, inclusive	160	(3)	157
	400	(14)	386
As at March 31, 2026			
– within 1 year	240	(10)	230
– 1 to 2 years, inclusive	100	(1)	99
	340	(11)	329

34. PROVISIONS

The Group

	Provisions of product warranty	Provisions for onerous contracts	Provisions for outstanding litigation and claims	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	29,425	–	4,100	33,525
Additional provision	–	–	4,316	4,316
Amounts utilised during the year	(1,455)	–	–	(1,455)
At December 31, 2023 and January 1, 2024	27,970	–	8,416	36,386
Additional provision	–	426	–	426
Amounts utilised during the year	(7,329)	–	(8,416)	(15,745)
At December 31, 2024 and January 1, 2025	20,641	426	–	21,067
Additional provision	6,937	–	61	6,998
Amounts utilised during the year	–	(426)	(61)	(487)
At December 31, 2025 and January 1, 2026	27,578	–	–	27,578
Additional provision	1,316	–	2,249	3,565
At March 31, 2026	28,894	–	2,249	31,143

The Group provides one-year assurance-type warranties to its customers on certain of its products and warranties ranging from one to two years to it customers for intelligent energy and environmental projects for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The Company

	Provisions of product warranty	Provisions of onerous contracts	Provisions for outstanding litigation and claims	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	15,682	–	4,100	19,782
Amounts utilised during the year	(1,230)	–	–	(1,230)
At December 31, 2023 and January 1, 2024	14,452	–	4,100	18,552
Additional provision	–	2	–	2
Amounts utilised during the year	(1,560)	–	(4,100)	(5,660)
At December 31, 2024 and January 1, 2025	12,892	2	–	12,894
Additional provision	–	–	61	61
Amounts utilised during the year	(1,943)	(2)	(61)	(2,006)
At December 31, 2025 and January 1, 2026	10,949	–	–	10,949
Additional provision	4,457	–	2,161	6,618
At March 31, 2026	15,406	–	2,161	17,567

The Company provides one-year assurance-type warranties to its customers on certain of its products and warranties ranging from one to two years to it customers for intelligent energy and environmental projects for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

35. SHARE CAPITAL

	Number of shares	Share capital
		RMB'000
Ordinary shares of RMB1.00 each, issued and fully paid:		
At January 1, 2023	425,418,558	425,419
Cancellation of shares *(Note (a))*	(588,334)	(589)
At December 31, 2023 and January 1, 2024	424,830,224	424,830
Issuance of new shares upon conversion of bonds *(Note (b))*	52,142,188	52,142
At December 31, 2024, January 1, 2025 and December 31, 2025, January 1, 2026 and March 31, 2026	476,972,412	476,972

Notes:

(a) On July 4, 2023, the Company cancelled 588,334 ordinary shares which were previously held as treasury shares.

(b) During the year ended December 31, 2024, convertible bonds of nominal value of RMB667,459,000 were converted into 52,142,188 ordinary shares of the Company. Further details are set out in Note 30 to the Historical Financial Information.

36. RESERVES

The Group and the Company

The Group's and the Company's reserves and the movements therein for the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 are presented in the consolidated statements of changes in equity and the summary to the Company's reserve movements as set out below, respectively.

Summary of the Company's reserve movements is as follows:

	Capital reserves	Other equity instruments	Shares held under the restricted share incentive scheme	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	730,633	78,306	(34,348)	114,881	720,727	1,610,199
Loss for the year	–	–	–	–	(41,565)	(41,565)
Conversion of bonds	8	(1)	–	–	–	7
Cancellation of shares	(3,725)	–	4,314	–	–	589
Share-based compensation	1,404	–	–	–	–	1,404
Acquisition of treasury shares	–	–	(4,968)	–	–	(4,968)
Dividend recognised as distribution	–	–	–	–	(30,006)	(30,006)
At December 31, 2023 and January 1, 2024	728,320	78,305	(35,002)	114,881	649,156	1,535,660
Loss for the year	–	–	–	–	(27,821)	(27,821)
Conversion of bonds	701,315	(78,305)	–	–	–	623,010
Share-based compensation	917	–	–	–	–	917
Acquisition of treasury shares	–	–	(21,131)	–	–	(21,131)
Dividend recognised as distribution	–	–	–	–	(18,111)	(18,111)

	Capital reserves	Other equity instruments	Shares held under the restricted share incentive scheme	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024 and January 1, 2025	1,430,552	–	(56,133)	114,881	603,224	2,092,524
Profit for the year	–	–	–	–	43,219	43,219
Share-based compensation	(317)	–	–	–	–	(317)
Appropriation to statutory reserve	–	–	–	4,322	(4,322)	–
At December 31, 2025 and January 1, 2026	1,430,235	–	(56,133)	119,203	642,121	2,135,426
Profit for the period	–	–	–	–	13,180	13,180
Share-based compensation	5,678	–	–	–	–	5,678
At March 31, 2026	1,435,913	–	(56,133)	119,203	655,301	2,154,284

(a) Capital reserve

The capital reserve represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) the excess of the consideration over the carrying amount of the non-controlling interests acquired/disposed of; and (iii) equity-settled share-based compensation granted.

(b) Other equity instrument

The amount represents equity component of convertible bonds issued.

(c) Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of group entities whose the functional currencies are not RMB.

(d) Shares held under the share incentive scheme

For the purpose of share incentive schemes adopted, the Company purchases its own ordinary shares from the market and held as treasury shares.

(e) Surplus reserve

In accordance with the Company Law of the People's Republic of China and the articles of association of the subsidiaries established in Chinese Mainland, Chinese Mainland group entities are required to appropriate 10% of their net profits after tax, as determined under the generally accepted accounting principles of the Chinese Mainland, to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Subject to certain restrictions set out in the relevant Chinese Mainland's regulations and in the articles of association of the group entities, the statutory reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the group entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(f) Retained earnings

Cumulative net gains and losses recognised in profit or loss.

37. SHARE INCENTIVE SCHEMES

(a) A-Share Incentive Plans

The Group and the Company

In order to establish and improve the long-term incentive mechanism of the Group, attract and retain outstanding talents, and fully mobilise the enthusiasm of senior managers, middle-level managers and key employees, the Group adopted share incentive schemes in August 17, 2023 (the "**2023 Restricted A Share Incentive Scheme**") and December 24, 2025 (the "**2025 Employee Shareholding Plan**") respectively. The share incentive participants include senior managers, middle-level managers and key employees of the Group.

2023 Restricted A Share Incentive Scheme

On October 29, 2023, pursuant to the 2023 Restricted A Share Incentive Scheme, 3,192,900 A shares of the Company were granted to 37 employees at a subscription price of RMB7.85 per share. The restricted shares granted under the 2023 Restricted A Share Incentive Scheme shall be vested with certain performance conditions in three phases within the next 36 months after the expiration of the date of initial grant of the restricted shares, with the proportions of unlocking the restriction in three phases being 40%, 30% and 30%. The fair value of services received in return for restricted shares granted is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the Black-Scholes model.

During the years ended December 31, 2023 and 2024, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under 2023 Restricted A Share Incentive Schemes were RMB1,404,000, RMB917,000 respectively.

During the year ended December 31, 2025, 1,636,380 A shares were forfeited as a result of the performance conditions have not been met. The Group has reversed a share based payment expenses of RMB2,321,000 in the consolidated statements of profit or loss and other comprehensive income under 2023 Restricted A Share Incentive Schemes.

The number of restricted shares granted and outstanding during the Track Record Period as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	No. of shares	*No. of shares*	*No. of shares*
At January 1	–	3,192,900	1,636,380
Granted during the year	3,192,900	–	–
Forfeited during the year	–	(1,556,520)	(1,636,380)
Vested during the year	–	–	–
At December 31	3,192,900	1,636,380	–

2025 Employee Shareholding Plan

On December 24, 2025, pursuant to the 2025 Employee Shareholding Plan, 2,129,000 A shares of the Company were granted to 61 employees at a subscription price of RMB14.87 per share. The restricted shares granted under 2025 Employee Shareholding Plan shall be vested with certain performance conditions in two phases within the next 24 months after the expiration of the date of initial grant of the restricted shares, with the proportions of unlocking the restriction in two phases being 50% and 50%. The fair value of services received in return for restricted shares granted is measured by reference to the fair value of such equity instruments on the grant date and the subscription price paid by employees.

During the years ended December 31, 2025 and three months ended March 31, 2026, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under Restricted A Share Incentive Schemes was RMB2,004,000 and RMB5,678,000 respectively.

The number of restricted shares granted and outstanding during the Track Record Period as follows:

	Year ended December 31,	Three months ended March 31,
	2025	2026
	No. of shares	*No. of shares*
At January 1	–	2,129,000
Granted during the year/period	2,129,000	–
Forfeited during the year/period	–	–
Vested during the year/period	–	–
At December 31/March 31	2,129,000	2,129,000

(b) AFMING Share Incentive Plan

The Group

The establishment of the share incentive plan ("**AFMING Share Incentive Plan**") for a non-wholly owned subsidiaries of the Company, namely AFMING was approved on May 10, 2023. Platform entities ("**Platforms**") were set up for the purpose of holding shares of AFMING on behalf of certain eligible employees of AFMING who were entitled to acquire the equity interests of Platforms as rewards for their services and in exchange for their full-time devotion and professional expertise. The fair value of services received in return for Platform's equity interests is measured by reference to the fair value of such equity instruments on the grant date, of which the estimation is measured based on the discounted cash flows method.

During the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026, total expenses recognised in the consolidated statements of profit or loss and other comprehensive income under AFMING Share Incentive Plan were RMB2,166,000, RMB4,335,000, RMB6,439,000 and RMB857,000 respectively.

38. NON-CONTROLLING INTERESTS

The Group

	Ownership interests held by non-controlling interests			
	As at December 31,			As at March 31,
	2023	2024	2025	2026
Name of subsidiary				
Dongguan Tuosi Beida Energy Saving Technology Co., Ltd.	30%	30%	30%	30%
Dongguan Tuosida Intelligent Clean Technology Co., Ltd.	45%	45%	45%	45%
Dongguan Tuosida Intelligent System Technology Co., Ltd.	N/A	20%	20%	20%
AFMING	53.1%	46.4%	46.4%	46.4%
Guangdong Matrix Zhituo Technology Co., Ltd	N/A	N/A	49%	49%
PT Topstar Indonesia Technology	N/A	N/A	33%	33%

Summarised financial information in relation to the material non-controlling interests ("**NCI**") is presented below:

(i) AFMING

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	395,835	532,678	588,983	616,165
Non-current assets	45,650	105,373	88,121	85,377
Current liabilities	287,788	423,529	466,355	490,930
Non-current liabilities	2,231	43,518	33,809	40,179
Net assets	151,466	171,004	176,940	170,433
Accumulated NCI	80,428	79,346	82,100	79,081

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	351,718	307,111	329,084	53,115
Post-tax profit or loss	42,208	15,207	(503)	(7,364)
Total comprehensive income	42,208	15,207	(503)	(7,364)
Profit or loss allocated to NCI	22,412	7,056	(233)	(3,417)

Material transactions with non-controlling interests

Following the adoption of AFMING Share Incentive Plan by the Company on May 10, 2023, Platforms injected capital of RMB26 million to AFMING and the Group's interest in AFMING was diluted from 51% to 46.89%. The consideration received from the Platforms exceeded the additional non-controlling interests being recognised and difference of approximately RMB7,296,000 was recorded in capital reserve during the year ended December 31, 2023.

During the year ended December 31, 2023, non-controlling shareholders of a subsidiary, namely Shenzhen Xingmeng Automation Co., Ltd, injected capital of RMB5,900,000 to the subsidiary. The difference of RMB184,000 between the increase in non-controlling interests and the injected capital has been credited to capital reserve.

During the year ended December 31, 2024, the Group's entered into various agreements with the non-controlling shareholders of AFMING. Following the completion of these agreements, the Group's interest in AFMING increased to 53.6% with the proportionate share at the carrying amount of the net assets of AFMING of transferred to non-controlling interest. The difference of approximately RMB8.1 million between the decrease in non-controlling interests of RMB11.4 million and the total consideration paid of approximately RMB19.5 million has been debited to capital reserve.

39. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below shows the details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows from financing activities.

	Convertible bonds	Borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	625,825	786,743	21,328	1,433,896
Changes from financing cash flows:				
Drawdown of borrowings	–	919,285	–	919,285
Repayment of borrowings	–	(785,389)	–	(785,389)
Repayment of lease liabilities	–	–	(12,246)	(12,246)
Interest paid	(6,063)	(31,161)	–	(37,224)
Total changes from financing cash flows	(6,063)	102,735	(12,246)	84,426
Other changes:				
Interest expenses	31,545	36,278	2,014	69,837
New leases	–	–	31,470	31,470
Lease modification	–	–	(3,505)	(3,505)
Conversion	(7)	–	–	(7)
Total other changes	31,538	36,278	29,979	97,795
At December 31, 2023	651,300	925,756	39,061	1,616,117

	Convertible bonds	Borrowings	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	651,300	925,756	39,061	1,616,117
Changes from financing cash flows:				
Drawdown of borrowings	–	763,084	–	763,084
Repayment of borrowings	–	(897,276)	–	(897,276)
Redemption of bonds	(2,296)	–	–	(2,296)
Repayment of lease liabilities	–	–	(7,772)	(7,772)
Interest paid	(1,309)	(28,899)	–	(30,208)
Total changes from financing cash flows	(3,605)	(163,091)	(7,772)	(174,468)
Other changes:				
Interest expenses	27,457	33,333	1,474	62,264
Conversion of bonds	(675,152)	–	–	(675,152)
New leases	–	–	1,851	1,851
Lease modification	–	–	(31,216)	(31,216)
Others	–	–	(85)	(85)
Total other changes	(647,695)	33,333	(27,976)	(642,338)
At December 31, 2024	–	795,998	3,313	799,311

	Received in advance for share subscription under share incentive scheme included in other payables and accruals	Borrowings	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	–	795,998	3,313	799,311
Changes from financing cash flows:				
Drawdown of borrowings	–	702,871	–	702,871
Repayment of borrowings	–	(875,421)	–	(875,421)
Repayment of lease liabilities	–	–	(3,398)	(3,398)
Interest paid	–	(23,976)	–	(23,976)
Proceed received in advance for share subscription for share incentive scheme	30,231	–	–	30,231
Total changes from financing cash flows	30,231	(196,526)	(3,398)	(169,693)
Other changes:				
Interest expenses	–	23,742	697	24,439
New leases	–	–	4,525	4,525
Lease modification	–	–	(783)	(783)
Others	–	–	341	341
Total other changes	–	23,742	4,780	28,522
At December 31, 2025	30,231	623,214	4,695	658,140

	Borrowings	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	795,998	3,313	799,311
Changes from financing cash flows (unaudited):			
Drawdown of borrowings	448,658	–	448,658
Repayment of borrowings	(97,703)	–	(97,703)
Repayment of lease liabilities	–	(652)	(652)
Interest paid	(8,349)	–	(8,349)
Total changes from financing cash flows	342,606	(652)	341,954
Other changes (unaudited):			
Interest expenses	8,603	124	8,727
New leases	–	1,012	1,012
Lease modification	–	(780)	(780)
Others	–	(3)	(3)
Total other changes	8,603	353	8,956
At March 31, 2025 (unaudited)	1,147,207	3,014	1,150,221

	Received in advance for share subscription under share incentive scheme included in other payables and accruals	Accrual share issued cost included in other payables and accruals	Borrowings	Lease Liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	30,231	14,326	623,214	4,695	672,466
Changes from financing cash flows:					
Drawdown of borrowings	–	–	117,800	–	117,800
Repayment of borrowings	–	–	(75,686)	–	(75,686)
Repayment of lease liabilities	–	–	–	(924)	(924)
Proceed received in advance for share subscription for share incentive scheme	1,427	–	–	–	1,427
Share issued cost paid	–	(12,083)	–	–	(12,083)
Interest paid	–	–	(4,210)	–	(4,210)
Total changes from financing cash flows	1,427	(12,083)	37,904	(924)	26,324
Other changes:					
Interest expenses	–	–	4,243	393	4,636
New leases	–	–	–	1,241	1,241
Lease modification	–	–	–	(624)	(624)
Others	–	6,912	–	(22)	6,890
Total other changes	–	6,912	4,243	988	12,143
At March 31, 2026	31,658	9,155	665,361	4,759	710,933

40. INVESTMENT IN AND BALANCES WITH SUBSIDIARIES

The Company

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment cost	1,497,736	1,459,946	1,481,946	1,431,946

As at 31 December 2023, 2024, 2025 and March 31, 2026, amounts due from/to subsidiaries are unsecured, interest-free and repayment on demand or according to contract terms.

As at December 31, 2024, the management of the Group concluded there was indication of impairment for investments in certain subsidiaries due to their unfavourable performance. Based on the results of an assessment, impairment losses of RMB57,775,000 was recognised as at that date. The recoverable amounts were determined with reference to the fair value less costs of disposal of the relevant subsidiaries. The relevant fair values were assessed by adjusted net assets approach and were at level 3 of fair value hierarchy.

41. CAPITAL COMMITMENTS

The Group

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Group had outstanding capital commitments as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
– Acquisition of property, plant and equipment	28,761	6,104	1,610	1,169
	28,761	6,104	1,610	1,169

The Company

As at December 31, 2023, 2024, 2025 and March 31, 2026, the Company had outstanding capital commitments as follows:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
– Acquisition of property, plant and equipment	1,090	1,946	615	831
	1,090	1,946	615	831

42. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) Save as disclosed elsewhere in the Historical Financial Information, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

Name of related parties	Relationship with the Group
Yang Shuangbao* ("楊雙保")	Shareholder of the Company, Vice President
Huang Daibo* ("黃代波")	Executive Director and Vice President
Zhang Peng* ("張朋")	Executive Director
Lan Haitao* ("蘭海濤")	Executive Director
Mao Yongjun* ("毛勇軍")	Director
Huang Jing* ("黃晶")	Executive Director
Zhou Yongchong* ("周永沖")	CFO, Chief Financial Officer, Secretary to the Board of Directors (the Secretary to the Board of Directors was appointed in March 2026)
Zhou Xin* ("周鑫")	Independent Non-Executive Directors
Wan Jiafu* ("萬加富")	Independent Non-Executive Directors
Feng Jierong* ("馮傑榮")	Independent Non-Executive Directors
Ye Derong* ("葉德容")	Independent Non-Executive Directors
Yang Lianda* ("楊聯達")	Independent Non-Executive Directors
Wang Zhicheng* ("王志成")	Employee Representative Director
Fu Xiujiang* ("付秀江")	Chairman of the Supervisory Board
Yang Shairu* ("楊曬汝")	Supervisor
Tang Bo* ("唐波")	Supervisor
Xie Shimei* ("謝仕梅")	Secretary to the Board of Directors, Vice President (the Secretary to the Board of Directors and Vice President resigned in March 2026)
Dongguan Tuochen Industrial Investment Co., Ltd.* ("東莞拓晨實業投資有限公司")	Company controlled by a significant shareholder
Dongguan Push Network Technology Co., Ltd.* ("東莞市推備網絡科技有限公司")	Company controlled by a significant shareholder
Guangdong Banghe Investment Co., Ltd.* ("廣東邦和投資有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
SuZhou Industrial Park Garbo Precision Machinery Co., Ltd.* ("蘇州工業園區嘉寶精密機械有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Suzhou City Goes With The Trend To Manage Partnership Enterprises (Limited Partnership)* ("蘇州市順勢而為企業管理合夥企業(有限合夥)")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Suzhou Omatech Automation Equipment Co., Ltd.* ("蘇州市歐邁泰克自動化設備有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Alltin Fastener (Suzhou) Co., Ltd.* ("一釘緊固件(蘇州)有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Dongguan Tian'an Yungu Investment Co., Ltd.* ("東莞市大嶺山天安雲穀投資有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Ningbo Tuochen Enterprise Management Partnership Enterprise (Limited Partnership)* ("寧波拓晨企業管理合夥企業(有限合夥)")	Wu Fengli, a related natural person, serves as an Executive Director and Partner holding a 7.99% interest
Zhongjian (Dongguan) Management Co., Ltd.* ("中堅(東莞)管理有限公司")	Enterprises controlled by Independent Non-Executive Director Zhou Xin
Zhongzong Project Management (Guangzhou) Co., Ltd.* ("中縱項目管理(廣州)有限公司")	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin, who serves as Executive Director, Manager, and Legal Representative

Name of related parties	Relationship with the Group
Xi·An Topfer Electronic Technology Co., Ltd ("創銳裝備智造(西安)股份有限公司")	Enterprises where Independent Non-Executive Director Zhou Xin serves as an Executive Director
Guangdong Lvze Intelligent Technology Co., Ltd.* ("廣東綠澤智能科技有限公司")	Enterprises where Independent Non-Executive Director Zhou Xin serves as an Executive Director, Manager, and Legal Representative
Baishi Qijia (Dongguan) Management Co., Ltd.* ("百世齊家(東莞)管理有限公司")	Enterprises directly controlled by Independent Non-Executive Director Zhou Xin, where he serves as an Executive Director, Manager, and Legal Representative
Guangdong JET Orient Technology Limited* ("廣東捷凱科技有限公司")	Enterprises where Independent Non-Executive Director Zhou Xin serves as Executive Director, Manager, and Legal Representative
Six One Center (Dongguan) Enterprise Operation Management Center (Limited Partnership)* ("六位一心(東莞)企業運營管理中心(有限合夥)")	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin
Zhongzong Growth (Dongguan) Management Co., Ltd.* ("中縱成長(東莞)管理有限公司")	Enterprises indirectly controlled by Independent Non-Executive Director Zhou Xin
Dongguan Xincheng Accountants Firm* (Common Partner)* ("東莞市鑫成會計師事務所(普通合夥)")	Enterprises controlled by family members closely related to Independent Non-Executive Director Zhou Xin
Dongguan Chentuo Zhimi Enterprise Management Center* (Limited Partnership)* ("東莞市晨拓智米企業管理中心(有限合夥)")	Enterprise where Executive Director Zhang Peng serves as Managing Partner and holds a 70% stake
Ruichang Tuochen Enterprise Management Center* (Limited Partnership)* ("瑞昌拓晨企業管理中心(有限合夥)")	Enterprise where CFO Zhou Yongchong serves as Managing Partner and holds a 6.4% stake
School of Mechanical and Automotive Engineering, South China University of Technology* ("華南理工大學機械與汽車工程學院")	Institutions where Independent Non-Executive Director Wan Jiafu serves as Associate Professor and Professor
Shanxi Datong University* ("山西大同大學")	Institutions where Independent Non-Executive Director Wan Jiafu serves as Adjunct Professor
Cosonic Intelligent Technologies Co., Ltd.* ("佳禾智能科技股份有限公司")	Enterprise where Independent Non-Executive Director Wan Jiafu serves as an Independent Director
Guangdong Keyuan Law Firm* ("廣東可園律師事務所")	Enterprise where Independent Non-Executive Director Feng Jierong serves as lawyer
Kingpound Law Firm* ("廣州金鵬(東莞)律師事務所")	Enterprise where Independent Non-Executive Director Yang Lianda serves as full-time lawyer
Dongguan Yongxin Electromechanical Equipment Co., Ltd.* ("東莞市永鑫機電設備有限公司")	Enterprise controlled by family members closely related to the company Director, Mao Yongjun
Wuhan JoTong Intelligent Technology Co., Ltd. * ("武漢久同智能科技有限公司")	Associate
Suzhou Tiantong Intelligent Technology Co., Ltd.* ("蘇州天彤智能科技有限公司")	The enterprise controlled by related natural person Huang Daibo
Suzhou Haifeda Mechanical and Electrical Engineering Co., Ltd.* ("蘇州海斐達機電工程有限公司")	The enterprise indirectly controlled by related natural person Huang Daibo
Suzhou Boyi Intelligent Technology Co., Ltd.* ("蘇州鉑沂智能科技有限公司")	Enterprises directly controlled by Executive Director and Vice President Huang Daibo who serves as Manager
Dongguan Junye Green Energy Environment Technology Co., Ltd.* ("東莞鈞業綠能環境科技有限公司")	Enterprises directly controlled by Executive Director and Vice President Huang Daibo who serves as Manager
Guangdong Tuotao Network Technology Co., Ltd.* ("廣東駝馱網絡科技有限公司")	Associate
Dongguan Juhe Enterprise Management Center (Limited Partnership)* ("東莞市巨禾企業管理中心(有限合夥)")	Zhou Xin, an Independent Non-Executive Directors who serves as an Executive Director and Partner holding a 52.33% interest

Name of related parties	Relationship with the Group
Guangzhou Jingbao Technology Co., Ltd. (deregistered on June 10, 2025)* ("廣州勁爆科技有限公司" (deregistered on June 10, 2025))	Zhou Xin, an Independent Non-Executive Directors who serves as Manager
Suzhou Changpingxing Technology Co., Ltd.* ("蘇州長平星科技有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Xinzhongyan Shenzhen Intelligent Logistics Equipment Co., Ltd.* ("深圳市鑫中岩智能物流装備有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Asia Gatekeeper Commerce Co.,Ltd.* ("昆山昶樂模塑科技有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Kunshan Changrun Welding Technology Co., Ltd.* ("昆山昶潤焊接科技有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
Biel Crystal Machinery (Singapore) Private Limited	Associate
Qianhai Health Holdings Limited* ("前海健康控股有限公司")	Independent Director Ye Derong serves as Chief Financial Director and Company Secretary
Hainan Yiding Technology Co., Ltd.* ("海南一釘科技有限公司")	Enterprises controlled by family members closely related to the controlling shareholder, Wu Fengli
BTS Intelligent Equipment (Vietnam) Limited	Enterprises controlled by entities where Director Zhang Peng serves as a director

* The English translation of terms or names in Chinese which are marked with "*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

(b) The Group entered into the following related party transactions with related companies during the Track Record Period:

	Nature of transaction	Year ended December 31,			Three months ended March 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Related companies					
Dongguan Tuochen Industrial Investment Co., Ltd.	Purchase of products	(7,129)	(6,042)	422	3,128
Dongguan Push Network Technology Co., Ltd.	Purchase of products	(778)	(738)	37	120
Dongguan Xincheng Accountants Firm (Common Partner)	Purchase of products	–	(12)	–	–
Dongguan Yongxin Electromechanical Equipment Co., Ltd.	Purchase of products	10,002	–	–	–
Dongguan Junye Green Energy Environment Technology Co., Ltd.	Purchase of services	–	–	–	20
Dongguan Junye Green Energy Environment Technology Co., Ltd.	Selling products	–	–	–	470
Wuhan JoTong Intelligent Technology Co., Ltd.	Purchase of products	–	–	20	17
Dongguan Tuochen Industrial Investment Co., Ltd.	Selling products	494	808	104	–
SuZhou Industrial Park Garbo Precision Machinery Co., Ltd.	Selling products	5	37	–	–
Wuhan JoTong Intelligent Technology Co., Ltd.	Selling products	66	–	29	–
Dongguan Push Network Technology Co., Ltd.	Selling products	–	113	191	–
Asia Gatekeeper Commerce Co., Ltd.	Selling products	–	–	6	32
Dongguan Tuochen Industrial Investment Co., Ltd.	Leasing income	–	11	–	–
Suzhou Boyi Intelligent Technology Co., Ltd.	Leasing income	–	–	–	28
Suzhou Changpingxing Technology Co., Ltd.	Selling products	–	–	5	–
Biel Crystal Machinery (Singapore) Private Limited	Providing services	–	–	–	5,265

The terms of the related party transactions carried out during the Track Record Period were mutually agreed by the Group and the related companies.

(c) Balance with related parties

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	–	282	339	377
Dongguan Push Network Technology Co., Ltd.*	–	82	209	215
Dongguan Junye Green Energy Environment Technology Co., Ltd.*	–	–	–	352
Prepayments and other receivables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	–	2,651	481	502
Dongguan Junye Green Energy Environment Technology Co., Ltd.*	–	–	–	180
Biel Crystal Machinery (Singapore) Private Limited*	–	–	–	5,172
Trade payables				
Dongguan Tuochen Industrial Investment Co., Ltd.*	9,958	3,799	9	563
Dongguan Push Network Technology Co., Ltd.*	318	243	753	872
Dongguan Yongxin Electromechanical Equipment Co., Ltd.*	8,669	–	–	–
Wuhan JoTong Intelligent Technology Co., Ltd.*	–	–	15	36
Contract liabilities				
Asia Gatekeeper Commerce Co., Ltd.*	–	–	29	–
Contract assets				
Dongguan Tuochen Industrial Investment Co., Ltd.*	–	–	111	115

* The balances is in trade in nature.

(d) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group during the Track Record Period represented the directors' emoluments as disclosed in Note 14(a) to the Historical Financial Information.

43. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at December 31, 2023, 2024, 2025 and March 31, 2026 amounted to approximately RMB2,515,137,000, RMB2,895,173,000, RMB2,989,250,000 and RMB3,033,551,000, respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

44. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group

The following table shows the carrying amounts of financial assets and liabilities of the Group:

	As at December 31,			As at March 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	304,006	338,075	40,355	289,234
Financial assets at fair value through other comprehensive income				
Bills receivables	43,851	21,176	38,406	127,710
Financial assets at amortised cost:				
Trade and bills receivables	2,320,784	1,447,986	1,163,481	1,087,767
Other receivables	36,172	24,456	50,451	63,677
Restricted deposits and cash and cash equivalents	1,246,958	822,130	1,292,081	940,445
	3,603,914	2,294,572	2,506,013	2,091,890
	3,951,771	2,653,823	2,584,774	2,508,833
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and bills payables	1,869,403	1,419,935	1,479,061	1,246,880
Other payables and accruals	205,569	169,521	181,628	183,919
Convertible bonds	651,300	–	–	–
Borrowings	925,756	795,998	623,214	665,361
	3,652,028	2,385,454	2,283,903	2,096,160
Other financial liabilities				
Lease liabilities	39,061	3,313	4,695	4,759
	3,691,089	2,388,767	2,288,598	2,100,919

The Company

The following table shows the carrying amounts of financial assets and liabilities of the Company:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	5,323	70,138	–	94,130
Financial assets at fair value through other comprehensive income				
Bills receivables	5,517	9,900	8,334	20,707
Financial assets at amortised cost:				
Trade and bills receivables	1,112,038	540,878	471,451	480,517
Other receivables	14,581	10,385	20,956	20,805
Amounts due from subsidiaries	771,490	937,591	1,144,214	1,269,850
Restricted deposits and cash and cash equivalents	865,397	450,820	557,878	394,369
	2,763,506	1,939,674	2,194,499	2,165,541
	2,774,346	2,019,712	2,202,833	2,280,378
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and bills payables	432,158	280,197	256,456	213,716
Other payables and accruals	138,001	132,391	118,689	97,585
Amounts due to subsidiaries	1,063,077	764,788	949,041	1,111,953
Convertible bonds	651,300	–	–	–
Borrowings	736,290	513,861	370,086	404,895
	3,020,826	1,691,237	1,694,272	1,828,149
Other financial liabilities				
Lease liabilities	11,958	176	386	329
	3,032,784	1,691,413	1,694,658	1,828,478

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's and the Company's financial instruments in the normal course of the Group's and the Company's business are interest rate risk, credit risk, liquidity risk, foreign currency and fair value. These risks are limited by the Group's and the Company's financial management policies and practices described below. Generally, the Group and the Company introduce conservative strategies on its risk management. The Group and the Company have not used any derivatives and other instruments for hedging purposes nor do they hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate risk arises primarily from borrowings, convertible bonds and bank deposits bearing variable rates and fixed rates expose the Group and the Company to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and the Company's borrowings and bank deposits with a floating interest rate.

Sensitivity Analysis

The Group

At December 31, 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and decrease/increase the Group's retained profits by approximately RMB126,000. The assumed changes have no impact on the Group's other components of equity.

At December 31, 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after income tax and decrease/increase the Group's retained profits by approximately RMB183,000. The assumed changes have no impact on the Group's other components of equity.

At December 31, 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and decrease/increase the Group's retained profits by approximately RMB169,000. The assumed changes have no impact on the Group's other components of equity.

At March 31, 2026, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and decrease/increase the Group's retained profits by approximately RMB167,000. The assumed changes have no impact on the Group's other components of equity.

The Company

At December 31, 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Company's loss after income tax and decrease/increase the Company's retained profits by approximately RMB121,000. The assumed changes have no impact on the Company's other components of equity.

At December 31, 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Company's loss after income tax and decrease/increase the Company's retained profits by approximately RMB176,000. The assumed changes have no impact on the Company's other components of equity.

At December 31, 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Company's loss after income tax and decrease/increase the Company's retained profits by approximately RMB147,000. The assumed changes have no impact on the Company's other components of equity.

At March 31, 2026, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Company's profit after income tax and decrease/increase the Company's retained profits by approximately RMB142,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each reporting period. The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve-month period. The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(b) Credit risk

The Group's credit risk is primarily attributable to its trade and bills receivables, contract assets and other receivables. The Company's credit risk is primarily attributable to its trade and bills receivables, contract assets, other receivables and amounts due from subsidiaries. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis by evaluating the financial condition of debtors and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due ranged from 30 to 120 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the industry and country in which customers operate. 11%, 9%, 11% and 11% of the Group's trade receivables, other receivables and contract assets was due from the Group's largest customer and 32%, 29%, 34% and 34% of the Group's trade receivables, other receivables and contract assets was due from the Group's five largest customers as at December 31, 2023, 2024, 2025 and March 31, 2026, respectively. 19%, 11%, 13% and 11% of the Company's trade receivables, other receivables and contract assets was due from the Company's largest customer and 39%, 32%, 32% and 34% of the Company's trade receivables, other receivables and contract assets was due from the Company's the five largest customers as at December 31, 2023 and 2024, 2025 and March 31, 2026, respectively.

(i) Trade and bills receivables and contract assets

The Group measures allowance for credit losses for trade and bills receivables and contract assets at an amount equal to lifetime ECLs, estimated by individual customer and by collective basis using a provision matrix when the customers have similar risk characteristics.

The Group

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Less than one year past due	More than 1 year but less than 2 years past due	More than 2 years but less than 3 years past due	More than 3 years but less than 4 years past due	More than 4 years but less than 5 years past due	More than 5 years past due	Individual basis	Total
At December 31, 2023								
Expected loss rate (%)	7%	11%	21%	60%	91%	100%		
Gross carrying amount (RMB'000)	2,141,030	45,632	22,067	10,811	6,175	4,373	123,730	2,353,818
Allowance for credit losses (RMB'000)	(154,783)	(5,086)	(4,596)	(6,515)	(5,640)	(4,357)	(22,539)	(203,516)
	1,986,247	40,546	17,471	4,296	535	16	101,191	2,150,302
At December 31, 2024								
Expected loss rate (%)	9%	14%	24%	47%	88%	90%		
Gross carrying amount (RMB'000)	1,227,892	66,673	21,878	19,819	10,027	4,057	148,890	1,499,236
Allowance for credit losses (RMB'000)	(115,750)	(9,657)	(5,164)	(9,295)	(8,783)	(3,646)	(59,616)	(211,911)
	1,112,142	57,016	16,714	10,524	1,244	411	89,274	1,287,325
At December 31, 2025								
Expected loss rate (%)	12%	18%	29%	45%	87%	99%		
Gross carrying amount (RMB'000)	928,410	81,389	34,073	11,539	9,491	10,074	233,229	1,308,205
Allowance for credit losses (RMB'000)	(112,740)	(14,748)	(9,824)	(5,172)	(8,250)	(9,988)	(107,821)	(268,543)
	815,670	66,641	24,249	6,367	1,241	86	125,408	1,039,662
At March 31, 2026								
Expected loss rate (%)	10%	15%	31%	48%	89%	100%		
Gross carrying amount (RMB'000)	896,214	72,400	42,985	12,109	9,399	10,977	178,897	1,222,981
Allowance for credit losses (RMB'000)	(90,736)	(11,025)	(13,437)	(5,872)	(8,355)	(10,977)	(94,304)	(234,706)
	805,478	61,375	29,548	6,237	1,044	–	84,593	988,275

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for credit losses for impairment of trade receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	155,244	203,516	211,911	268,543
Provision for/(reversal of) allowance for credit losses	49,204	10,896	69,893	(16,528)
Written off	(932)	(2,501)	(13,261)	(17,309)
At the end of the year/period	203,516	211,911	268,543	234,706

Bills receivables were bank acceptance bills and commercial acceptance bills. Certain bank acceptance bills, which classified as debt instruments measured at fair value through other comprehensive income are with issuers that are reputable financial institutions with high credit ratings and strong credit quality. Based on the Group's credit risk assessment, the credit risk associated with these bank acceptance bills is considered as minimal. For commercial acceptance bills, the Group estimates the expected credit allowance for credit losses using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

The following table provides information about the Group's exposure to credit risk and ECLs for bills receivables at amortised cost as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	0%		
Gross carrying amount (RMB'000)	171,166	–	171,166
Allowance for credit losses (RMB'000)	(684)	–	(684)
	170,482	–	170,482
At December 31, 2024			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	161,622	–	161,622
Allowance for credit losses (RMB'000)	(961)	–	(961)
	160,661	–	160,661
At December 31, 2025			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	124,935	–	124,935
Allowance for credit losses (RMB'000)	(1,116)	–	(1,116)
	123,819	–	123,819
At March 31, 2026			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	100,457	–	100,457
Allowance for credit losses (RMB'000)	(965)	–	(965)
	99,492	–	99,492

Movements in the allowance for credit losses for impairment of bills receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	110	684	961	1,116
Provision for/ (reversal of) allowance for credit losses	574	277	155	(151)
At the end of the year/period	684	961	1,116	965

The following table provides information about the Group's exposure to credit risk and ECLs for contract assets as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	4%		
Gross carrying amount (RMB'000)	625,239	–	625,239
Allowance for credit losses (RMB'000)	(27,766)	–	(27,766)
	597,473	–	597,473
At December 31, 2024			
Expected loss rate (%)	7%		
Gross carrying amount (RMB'000)	614,179	157,239	771,418
Allowance for credit losses (RMB'000)	(40,695)	(58,165)	(98,860)
	573,484	99,074	672,558
At December 31, 2025			
Expected loss rate (%)	8%		
Gross carrying amount (RMB'000)	565,075	136,207	701,282
Allowance for credit losses (RMB'000)	(45,746)	(39,414)	(85,160)
	519,329	96,793	616,122
At March 31, 2026			
Expected loss rate (%)	12%		
Gross carrying amount (RMB'000)	406,702	136,207	542,909
Allowance for credit losses (RMB'000)	(47,839)	(39,414)	(87,253)
	358,863	96,793	455,656

For contract assets, they have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the past due status for trade receivables is a reasonable basis for the internal credit rating of the loss rates for contract assets.

Movements in the allowance for credit losses for impairment of contract assets are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	10,378	27,766	98,860	85,160
Provision for/(reversal of) allowance for credit losses	17,394	70,956	(13,125)	2,193
Written off	(6)	–	(575)	–
Exchange differences	–	138	–	(100)
At the end of the year/period	27,766	98,860	85,160	87,253

The Company

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Less than one year past due	More than 1 year but less than 2 years past due	More than 2 years but less than 3 years past due	More than 3 years but less than 4 years past due	More than 4 years but less than 5 years past due	More than 5 years past due	Individual basis	Total
At December 31, 2023								
Expected loss rate (%)	7%	12%	22%	60%	93%	100%		
Gross carrying amount (RMB'000)	1,083,241	36,092	18,542	10,711	6,025	4,372	81	1,159,064
Allowance for credit losses (RMB'000)	(80,664)	(4,285)	(4,053)	(6,475)	(5,610)	(4,356)	(65)	(105,508)
	1,002,577	31,807	14,489	4,236	415	16	16	1,053,556
At December 31, 2024								
Expected loss rate (%)	6%	14%	25%	41%	89%	99%		
Gross carrying amount (RMB'000)	492,518	54,438	15,668	10,566	6,549	3,243	3,040	586,002
Allowance for credit losses (RMB'000)	(52,743)	(7,836)	(3,873)	(4,305)	(5,837)	(3,222)	(2,871)	(80,687)
	439,775	46,602	11,795	6,261	712	21	169	505,335
At December 31, 2025								
Expected loss rate (%)	16%	19%	30%	49%	85%	100%		
Gross carrying amount (RMB'000)	361,941	57,106	28,723	8,754	3,662	6,577	80,248	547,011
Allowance for credit losses (RMB'000)	(58,514)	(11,032)	(8,692)	(4,246)	(3,114)	(6,571)	(27,400)	(119,569)
	303,427	46,074	20,031	4,508	548	6	52,848	427,442
At March 31, 2026								
Expected loss rate (%)	11%	18%	34%	54%	87%	100%		
Gross carrying amount (RMB'000)	405,401	45,021	34,556	8,358	3,704	6,718	25,556	529,314
Allowance for credit losses (RMB'000)	(43,453)	(7,994)	(11,636)	(4,537)	(3,205)	(6,718)	(10,954)	(88,497)
	361,948	37,027	22,920	3,821	499	–	14,602	440,817

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Movements in the allowance for credit losses for impairment of trade receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	83,043	105,508	80,687	119,569
Provision for/(reversal of) allowance for credit losses	24,615	(22,635)	49,936	(15,488)
Written off	(2,150)	(2,186)	(11,054)	(15,584)
At the end of the year/period	105,508	80,687	119,569	88,497

Bills receivables were bank acceptance bills and commercial acceptance bills. Certain bank acceptance bills, which classified as debt instruments measured at fair value through other comprehensive income are with issuers that are reputable financial institutions with high credit ratings and strong credit quality. Based on the Company's credit risk assessment, the credit risk associated with these bank acceptance bills is considered as minimal. For commercial acceptance bills, the Company estimates the expected credit allowance for credit losses using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

The following table provides information about the Company's exposure to credit risk and ECLs for bills receivables at amortised cost as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	58,795	–	58,795
Allowance for credit losses (RMB'000)	(313)	–	(313)
	58,482	–	58,482
At December 31, 2024			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	35,972	–	35,972
Allowance for credit losses (RMB'000)	(429)	–	(429)
	35,543	–	35,543
At December 31, 2025			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	44,454	–	44,454
Allowance for credit losses (RMB'000)	(445)	–	(445)
	44,009	–	44,009
At March 31, 2026			
Expected loss rate (%)	1%		
Gross carrying amount (RMB'000)	39,977	–	39,977
Allowance for credit losses (RMB'000)	(277)	–	(277)
	39,700	–	39,700

Movements in the allowance for credit losses for impairment of bills receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	60	313	429	445
Provision for/ (reversal of) allowance for credit losses	253	116	16	(168)
At the end of the year/period	313	429	445	277

The following table provides information about the Company's exposure to credit risk and ECLs for contract assets as at the end of each reporting period:

	Collective basis	Individual basis	Total
At December 31, 2023			
Expected loss rate (%)	4%		
Gross carrying amount (RMB'000)	50,071	–	50,071
Allowance for credit losses (RMB'000)	(2,131)	–	(2,131)
	47,940	–	47,940
At December 31, 2024			
Expected loss rate (%)	4%		
Gross carrying amount (RMB'000)	74,465	24,833	99,298
Allowance for credit losses (RMB'000)	(3,343)	(8,455)	(11,798)
	71,122	16,378	87,500
At December 31, 2025			
Expected loss rate (%)	4%		
Gross carrying amount (RMB'000)	64,283	–	64,283
Allowance for credit losses (RMB'000)	(2,722)	–	(2,722)
	61,561	–	61,561
At March 31, 2026			
Expected loss rate (%)	5%		
Gross carrying amount (RMB'000)	59,352	–	59,352
Allowance for credit losses (RMB'000)	(2,686)	–	(2,686)
	56,666	–	56,666

For contract assets, they have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore concluded that the past due status for trade receivables is a reasonable basis for the internal credit rating of the loss rates for contract assets.

Movements in the allowance for credit losses for impairment of contract assets are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	3,345	2,131	11,798	2,722
(Reversal of)/provision for allowance for credit losses	(1,214)	9,667	(9,076)	(36)
At the end of the year/period	2,131	11,798	2,722	2,686

(ii) Other receivables

In respect of other receivables, the Group and the Company have applied the general approach prescribed by HKFRS 9, by measuring allowance for credit losses at an amount equal to 12-month ECLs for other receivables. To measure the ECLs, other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of each reporting period, all other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The Group

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount				
– Other receivables	41,650	34,615	56,659	70,330
Allowance for credit losses				
– Other receivables	(5,478)	(10,159)	(6,208)	(6,653)

Movements in the allowance for credit losses for impairment of other receivables are as follows:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	6,846	5,478	10,159	6,208
(Reversal of)/provision for allowance for credit losses	(1,432)	4,766	2,192	554
Written off	–	(85)	(6,139)	(105)
Exchange differences	64	–	(4)	(4)
At the end of the year/period	5,478	10,159	6,208	6,653

The Company

The following table provides information about the Company's exposure to credit risk and ECLs for other receivables:

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount				
– Other receivables	19,178	16,441	22,606	22,856
Allowance for credit losses				
– Other receivables	(4,597)	(6,056)	(1,650)	(2,051)

Movements in the allowance for credit losses for impairment of other receivables are as follows:

The Company

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	6,084	4,597	6,056	1,650
(Reversal of)/ provision for allowance for credit losses	(1,203)	1,667	932	401
Written off	(284)	(208)	(5,338)	–
At the end of the year/period	4,597	6,056	1,650	2,051

(iii) Restricted deposits and cash and cash equivalents

With respect to the Group's and the Company's cash and cash equivalents and restricted bank deposits, the directors of the Company consider the probability of default to be low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

(iv) Amounts due from subsidiaries

With respect to the Company's amounts due from subsidiaries, the directors of the Company consider the probability of default to be low on these balances with reference to their financial position.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves.

The Group

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and bills payables	1,869,403	1,869,403	1,869,403	–	–	–
Other payables and accruals	205,569	205,569	205,569	–	–	–
Lease liabilities	39,061	44,505	10,099	7,138	18,408	8,860
Borrowings	925,756	967,755	675,033	164,791	64,019	63,912
Convertible bonds	651,300	765,558	30,234	32,454	702,870	–
	3,691,089	3,852,790	2,790,338	204,383	785,297	72,772

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and bills payables	1,419,935	1,419,935	1,419,935	–	–	–
Other payables and accruals	169,521	169,521	169,521	–	–	–
Lease liabilities	3,313	3,489	1,405	1,193	891	–
Borrowings	795,998	804,815	549,912	80,027	106,039	68,837
	2,388,767	2,397,760	2,140,773	81,220	106,930	68,837

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and bills payables	1,479,061	1,479,061	1,479,061	–	–	–
Other payables and accruals	181,628	181,628	181,628	–	–	–
Lease liabilities	4,695	4,879	2,561	2,194	124	–
Borrowings	623,214	663,584	280,326	174,802	86,715	121,741
	2,288,598	2,329,152	1,943,576	176,996	86,839	121,741

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at March 31, 2026						
Trade and bills payables	1,246,880	1,246,880	1,246,880	–	–	–
Other payables and accruals	183,919	183,919	183,919	–	–	–
Lease liabilities	4,759	4,933	2,581	1,886	466	–
Borrowings	665,361	702,041	347,473	158,965	89,863	105,740
	2,100,919	2,137,773	1,780,853	160,851	90,329	105,740

The Company

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023						
Trade and bills payables	432,158	432,158	432,158	–	–	–
Other payables and accruals	138,001	138,001	138,001	–	–	–
Lease liabilities	11,958	14,254	2,445	1,621	4,479	5,709
Amount due to subsidiaries	1,063,077	1,063,077	1,063,077	–	–	–
Convertible bond	651,300	765,558	30,234	32,454	702,870	–
Borrowings	736,290	775,090	492,686	163,780	60,467	58,157
	3,032,784	3,188,138	2,158,601	197,855	767,816	63,866

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024						
Trade and bills payables	280,197	280,197	280,197	–	–	–
Other payables and accruals	132,391	132,391	132,391	–	–	–
Lease liabilities	176	180	180	–	–	–
Amount due to subsidiaries	764,788	764,788	764,788	–	–	–
Borrowings	513,861	520,092	283,847	77,999	99,144	59,102
	1,691,413	1,697,648	1,461,403	77,999	99,144	59,102

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and bills payables	256,456	256,456	256,456	–	–	–
Other payables and accruals	118,689	118,689	118,689	–	–	–
Lease liabilities	386	400	240	160	–	–
Amount due to subsidiaries	949,041	949,041	949,041	–	–	–
Borrowings	370,086	401,229	74,151	167,065	58,312	101,701
	1,694,658	1,725,815	1,398,577	167,225	58,312	101,701

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at March 31, 2026						
Trade and bills payables	213,716	213,716	213,716	–	–	–
Other payables and accruals	97,585	97,585	97,585	–	–	–
Lease liabilities	329	340	240	100	–	–
Amount due to subsidiaries	1,111,953	1,111,953	1,111,953	–	–	–
Borrowings	404,895	434,633	142,118	141,543	61,957	89,015
	1,828,478	1,858,227	1,565,612	141,643	61,957	89,015

(d) Foreign currency risk

The Group

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the foreign exchange rates due to changes in fair value of monetary assets and liabilities, with all other variables held constant, of the Group's profit/loss before tax.

	As at December 31,			As at March 31,
	2023	2024	2025	2026
	Decrease/ (increase) in loss before tax	Decrease/ (increase) in loss before tax	(Decrease)/ increase in profit before tax	(Decrease)/ increase in profit before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB/USD				
Strengthened by 5%	27,857	2,689	20,839	19,577
Weakened by 5%	(27,857)	(2,689)	(20,839)	(19,577)

The Company

Foreign currency risk to the Company is minimal as most of the Company's transactions are carried out in functional currency.

(e) Fair value

(i) Financial instruments not measured at fair value

Financial instruments not measured at fair value include restricted deposits and cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables and accruals and other payables, convertible bonds, borrowing, amount due from/to subsidiaries, and lease liabilities.

The directors consider the carrying values of these financial instruments approximate fair values.

(ii) Financial instruments measured at fair value

The following table presents the fair value of the Group's and the Company's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using only Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs; and
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
– Unlisted equity investments .	–	–	6,149	6,149
– Unlisted investments	–	297,857	–	297,857
	–	297,857	6,149	304,006

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
– Unlisted equity investments .	–	–	300	300
– Unlisted investments	–	337,775	–	337,775
	–	337,775	300	338,075

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial asset at FVTPL				
– Unlisted equity investments .	–	–	352	352
– Unlisted investments	–	40,003	–	40,003
	–	40,003	352	40,355

	March 31, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial asset at FVTPL				
– Unlisted equity investments .	–	–	54,419	54,419
– Unlisted investments	–	210,143	–	210,143
– Listed equity investment . . .	24,672	–	–	24,672
	24,672	210,143	54,419	289,234

The Company

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
– Unlisted equity investments .	–	–	5,323	5,323
	–	–	5,323	5,323

	December 31, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
– Unlisted investments	–	70,138	–	70,138
	–	70,138	–	70,138

	March 31, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial asset at FVTPL				
– Unlisted equity investments .	–	–	54,100	54,100
– Unlisted investments	–	40,030	–	40,030
	–	40,030	54,100	94,130

Unlisted investments represent wealth management products issued by banks in Chinese Mainland. The Group established the fair value of these unlisted investments with reference to the performance of the underlying financial benchmarks and their expected return rates stated in the outstanding contracts. The fair values of unlisted equity investments are determined by the adjusted net assets method.

The fair value of unlisted equity investment is determined using adjusted net asset value, which is correlated to the underlying assets' values. If there is an increase/decrease 1% in the significant unobservable inputs, assuming all other variables remain constant, the Group's profit increase/decrease RMB61,000, RMB3,000, RMB4,200 and RMB727,300 during the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 respectively and the Company's profit increase/decrease RMB53,000, RMB Nil, RMB Nil and RMB727,600 during the year ended 31 December 2023, 2024, 2025, three months ended March 31, 2026.

The movement during the years ended December 31, 2023, 2024, 2025 and three months ended March 31, 2026 in the balance of the level 3 fair value measurements are as follows:

The Group

	Financial asset at FVTPL
	RMB'000
At January 1, 2023	6,252
Fair value loss	(103)
At December 31, 2023 and January 1, 2024	6,149
Fair value loss	(123)
Disposal	(5,888)
Other	162
At December 31, 2024 and January 1, 2025	300
Fair value gain	52
At December 31, 2025 and January 1, 2026	352
Addition	54,100
Fair value loss	(33)
At March 31, 2026	54,419

The Company

	Financial asset at FVTPL
	RMB'000
At January 1, 2023	5,414
Fair value loss	(91)
At December 31, 2023 and January 1, 2024	5,323
Fair value loss	(2)
Disposal	(5,400)
Others	79
At December 31, 2024, January 1, 2025, December 31, 2025 and January 1, 2026	–
Addition	54,100
At March 31, 2026	54,100

46. EVENTS AFTER THE END OF THE TRACK RECORD PERIOD

The Group has no significant subsequent events entered into subsequent to March 31, 2026.

47. SUBSEQUENT FINANCIAL INFORMATION

Save as disclosed elsewhere in these Historical Financial Information, no audited financial statements have been prepared by the Group and the Company or any of the companies comprising the Group in respect of any period subsequent to March 31, 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter, summary of values and valuation particulars prepared for the purpose of incorporation in this document received from Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd., an independent valuer, in connection with its valuation as at 31 May 2026 of the Properties held by the Company.

Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd.
Suite 507, Block A, Gemdale Plaza
No. 91 Jianguo Road, Chaoyang District, Beijing
China

The Board of Directors
Guangdong Topstar Technology Co., Ltd.
廣東拓斯達科技股份有限公司
[●]

[●] 2026

Dear Sirs,

Re: Valuation of

1) **Portion of an Industrial Complex located at No. 1999 Songjia Road, Guoxiang Sub-district, Wuzhong Economic and Technological Development Zone, Suzhou, Jiangsu Province, the People's Republic of China ("PRC");**

2) **A factory complex located at No. 3 Changtang Road and two dormitories located at No. 98 Chang'an Road, Datanglang Village, Dalingshan Town, Dongguan City, Guangdong Province, the PRC**

(collectively the "Properties" and individually the "Property")

INSTRUCTIONS

In accordance with your instructions for us to value the Properties held by [Guangdong Topstar Technology Co., Ltd. (廣東拓斯達科技股份有限公司)] ("**Company**") and its subsidiaries (together referred to as the "**Group**")] in the People's Republic of China ("the PRC") for investment purposes, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Values of the Properties as at 31 May 2026 (the "**Valuation Date**"), for the purpose of incorporating in the public document.

The selected Properties form part of the Group's property activities that has a carrying amount of over 1% of the Group 's total assets and therefore the valuation report of this Properties is required to be included in this [**REDACTED**] document.

BASIS OF VALUATION

Our valuation of each of the Properties is provided on the basis of Market Value, which we would define as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION STANDARDS

In valuing the Properties, we have fully complied with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

QUALIFICATIONS OF THE VALUER

The valuations have been prepared by Kin Ming Woo James (James Woo) (RICS Registration No.: 0837243). James is a Fellow member of the Royal Institution of Chartered Surveyors. He is an Executive Director of Valuation and Advisory Services, China at Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd. ("Colliers"). He is suitably qualified to carry out the valuation and has 30 years' experience in the valuation of properties of this magnitude and nature in the PRC.

We are acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the International Valuation Standards.

Neither the valuer nor Colliers are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

VALUATION APPROACHES

In valuing the Properties, which are held by the Group for investment, we have adopted Income Approach by taking into account the current rent passing of the Properties and the reversionary potential of the tenancy(ies). In determining the reversionary potential of the tenancy(ies), we have adopted the market approach with reference to the recent proposed leasing and sale transactions for similar premises in the proximity.

Our valuations have made on the assumption that the owners sell the Properties on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the Properties. In addition, no forced sale situation in any manner is assumed in our valuations.

SOURCES OF INFORMATION

Although we have made independent enquiries as much as possible, we have relied to a very considerable extent on the information provided by the Group and its legal advisor in respect of the titles of the Properties. We also have accepted such information given to us as being true and correct for the purpose of the valuations. This has included such matters as ownership title, site and floor areas, planning approvals or statutory notices, easements, tenure, occupancy, lettings, the identification of the Property and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuations are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations.

TITLE DOCUMENTS

We have been provided with copies or extracts of title documents relating to the Properties and have made relevant enquiries where possible. Due to the nature of the land registration system in the PRC, however, we have not examined the original documents to verify the existing titles to the Properties or any material encumbrances that might be attached to the Properties or any lease amendments. We have made assumptions that the full and proper ownership titles of the Properties have been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Jia Yuan Law Offices (嘉源律師事務所), based on their legal opinion regarding the titles of the Properties. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Properties set out in this letter and the valuation particulars.

ASSUMPTIONS AND CAVEATS

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature that could affect their values.

We have conducted the valuation assuming:

- the information as set out in the section headed "Sources of Information" above about the titles of the Property provided by the Company and its legal advisor, [Jia Yuan Law Offices (嘉源律師事務所)] is true and correct;
- the Properties are free from contamination and environmental problems or hazards;
- we have assumed the Properties are in a good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future; and
- in valuing the Properties held by the Company for investment purposes, we have assumed the tenanted portion will continue to be occupied and maintained in good order.

ESG CONSIDERATION

Where our advice is based on International Valuation Standards (IVS), we have had regard to i) those significant environmental, social and governance (ESG) factors which were readily apparent to us from our inspection of the Property, if undertaken and ii) which we consider significantly impact our advice. This is a requirement of the IVS. In our advice we have endeavoured to analyse whether any significant ESG factors affect the value assessed. For your acknowledge, we are property valuers and that we do not have any expertise in conducting environmental audits or any audits regarding the compliance of any entity associated with the Properties in relation to its social responsibility or corporate governance. Such an assessment is beyond the scope and purpose of our advice. You should seek specific advice in relation to these matters, given that our observations are of a very general nature.

SITE MEASUREMENT

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

SITE INSPECTIONS

The Properties were inspected by James Woo, in between 17 to 18 December 2025.

We have inspected the exterior, and where possible, the interiors of the Properties, in the course of our inspection, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the Properties is free from defect though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

We hereby certify that we have neither present nor a prospective interest in the Properties or the values reported.

Our summary of values and valuation particulars are attached hereto.

Yours faithfully,
For and on behalf of
Colliers Appraisal and Advisory Services (Shanghai) Co., Ltd.

Kin Ming Woo James
FRICS AICFC
Executive Director
Valuation and Advisory Services I China
RICS Registration Number: 0837243

Note: Mr. James Woo is a Registered and independent Valuer with over 25 years' experience in real estate industry and assets valuation sector. His experience on valuation covers the PRC. Mr. Woo is a fellow member of the Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

No.	Property	Market Value in Existing State as at 31 May 2026
1. . . .	Portion of an Industrial Complex located at No. 1999 Songjia Road, Guoxiang Sub-district, Wuzhong Economic and Technological Development Zone, Suzhou, Jiangsu Province, the PRC	RMB477,020,000
2. . . .	A factory complex located at No. 3 Changtang Road and two dormitories located at No. 98 Chang'an Road, Datanglang Village, Dalingshan Town, Dongguan City, Guangdong Province, the PRC	RMB180,620,000
	Grand Total:	RMB657,640,000

VALUATION PARTICULAR

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2026
1. .	Portion of an Industrial Complex located at No. 1999 Songjia Road, Guoxiang Sub-district, Wuzhong Economic and Technological Development Zone, Suzhou, Jiangsu Province, the PRC 中國 江蘇省 蘇州市 吳中經濟開發區 郭巷街道 淞葭路1999號 工業綜合體部分	The Industrial Complex is a large-scale industrial complex erected on one parcels of land with a site area of approximately 63,309.19 sq m. The Industrial Complex is situated within the Wuzhong Economic and Technological Development ("**WETD**"), a highly accessible location at the intersection of Songjia Road and Tuosida Road. It is about 12 kilometers from SuZhou Station (蘇州站). The locality is characterized by its industrial nature and supported by robust public infrastructure and an efficient road network. The Property comprises portion of the Industrial Complex of with a total certified gross floor area (GFA) of 138,418.36 sq m. Details of which are listed below: **Building** — **GFA** *(sq m)* Workshop 1 — 43,110.07 Workshop 2 — 14,675.70 Workshop 3 — 18,861.49 Workshop 4 — 45,909.77 Research Centre — 15,662.60 Guard Room 2 — 28.25 Class C Production Workshop — 53.28 Power Switching Station — 57.66 Guard Room 1 — 59.54 Total — 138,418.36 As advised, the Industrial Complex was completed in 2022. The land use rights of the Property have been granted for a term expiring on 5 December 2068 for industrial use.	At the Valuation Date, the Property was subject to various tenancies, Among all the leases, the one with the longest term shall expire on 15 March 2035. The total monthly rent was approximately RMB2,086,348 exclusive of management fee and Value-added Tax (VAT).	RMB477,020,000 (RENMINBI FOUR HUNDRED SEVENTY-SEVEN MILLION TWENTY THOUSAND ONLY)

Notes:

1) Pursuant to the Business License issued by the Suzhou Wuzhong District Administrative Examination and Approval Bureau, the basic information of Jiangsu Topstar Robot Co., Ltd 江蘇拓斯達機器人有限公司 ("**JiangSu Topstar**"), a direct wholly-owned subsidiary of the Company. is as follows:

Enterprise Name:	Jiangsu Topstar Robot Co., Ltd (江蘇拓斯達機器人有限公司)
Social Credit Code:	91320506MA1P3D0R4G
Type:	Limited Liability Company (Solely Invested by a Legal Entity with Natural Person Investment or Holding)
Legal Representative:	Luo Xiaomin (羅小敏)
Registered Capital:	RMB500,000,000
Date of Establishment:	27 May 2017
Operating Period:	From May 27, 2017, to an indefinite term
Address:	1999 Songjia Road, Guoxiang Sub-district, Wuzhong Economic and Technological Development Zone, Suzhou City, Jiangsu Province
Scope of Business:	R&D, Manufacturing and Sales of Robots, Automated Control Systems and Intelligent Equipment; Self-operation and agency of the import and export business of various commodities and technologies. (For projects subject to approval in accordance with the law, business activities may be carried out only after approval by the relevant authorities)

2) Pursuant to the State-owned Land Use Rights Grant Contract No. 3205012018CRO147 dated 6 December 2018, the land use rights of a parcel of land with a site area of approximately 63,317.50 sq m has been granted to Jiangsu Topstar for a term of 50 years commencing from the land delivery date for industrial use at a land grant fee of RMB21,274,680.

3) Pursuant to the Real Estate Ownership Certificate No. Su (2019) Su Zhou Shi Bu Dong Chan Quan Di 6002491 Hao dated 16 January 2019, the land use rights of a parcel of land with a site area of approximately 63,317.50 sq m is vested in Jiangsu Topstar for a term of due to expire on 5 December 2068 for industrial use.

4) Pursuant to the Real Estate Ownership Certificate No. Su (2022) Su Zhou Shi Bu Dong Chan Quan Di 6119515 Hao dated 12 September 2022, the land use rights of the Property with a site area of approximately 63,309.19 sq m and the building ownership of the Property with a total gross floor area of approximately 144,793.96 sq m is vested in Jiangsu Topstar. Details of the buildings and structures are listed below:

Block No.	**Usage**	**GFA (sq m)**
1	Industrial	53.28
2	Industrial	45,909.77
3	Industrial	14,675.70
4	Industrial	18,861.49
5	Industrial	28.25
6	Industrial	43,110.07
7	Industrial	57.66
8	Industrial	6,375.63
9	Industrial	15,662.60
10	Industrial	59.51
	Total	**144,793.96**

As advised, the Property only comprised portion of the buildings as stated in the above-mentioned certificate.

5) The general description and market information of the Property are summarized below:

Location:	The Property is located within Wuzhong Economic and Technological Development ("**WETD**")
Transportation:	Wuxi Shuofang Airport is located approximately 40 kilometres away from the Property. Also, taxi and bus are readily available in the locality.
Nature of Surrounding Area:	The surrounding area is primarily industrial, featuring a mix of business parks and production plant.

6) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
Real Estate Ownership Certificate	Yes
Rent Roll	Yes
Business License	Yes

7) In assessing the market value of the Property, we have made reference to rental and sales prices of similar properties in the vicinity. Comparable properties are located in the same district with similar conditions, size and tenure, etc. Comparables that had been selected include monthly rental rates ranges from RMB11 to RMB12 psm for the Property; In the course of our valuation, we have considered the relevant adjustment factors such as the building quality; location; size; etc. to determine the unit price of the Property.

8) We have been provided with a legal opinion on the Property prepared by the Company's PRC legal advisor, Jia Yuan Law Offices (嘉源律師事務所), inter alia, the following information:

a. Jiangsu Topstar are the legal owners of the Property and are entitled to occupy, use, lease and dispose of the Property; and

b. The Property is free from mortgage and seizure.

VALUATION PARTICULAR

No.	Property	Property Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2026
2. . .	A factory complex located at No. 3 Changtang Road and two dormitories located at No. 98 Chang'an Road, Datanglang Village, Dalingshan Town, Dongguan City, Guangdong Province, the PRC 中國廣東省 東莞市 大嶺山鎮 大塘朗村 長塘路3號之 工業綜合體及 長安路98號 之兩幢宿舍	The Property is a large-scale industrial complex erected on two parcels of land with a total site area of approximately 50,504.07 sq m. The Property is situated within the Datanglang Village, a highly accessible location at the intersection of Y251 and Changtang Avenue. It is about 4 kilometers from PIngHu Station (平湖站). The locality is characterized by its industrial nature and supported by robust public infrastructure and an efficient road network. The Property consists of 4 industrial buildings and 2 dormitories with a total certified gross floor area (GFA) of 73,337.77 sq m. Details of which are listed below: **Building** — **GFA** *(sq m)* Workshop — 15,301.41 Workshop — 15,292.05 Workshop — 15,292.05 Workshop — 12,168.85 Dormitory — 10,957.51 Dormitory — 4,325.90 Total — 73,337.77 As advised, the Industrial Complex was completed in between 2017 and 2018. The land use rights of the Property have been granted for two concurrent terms expiring on 5 October 2064 and 25 February 2065 for industrial uses.	At the Valuation Date, the Property was subject to a 15-years tenancy expiring on 31 July 2040. The monthly rent was approximately RMB940,422 exclusive of management fee and Value-added Tax (VAT).	RMB180,620,000 (RENMINBI ONE HUNDRED EIGHTY MILLION SIX HUNDRED TWENTY THOUSAND ONLY)

Notes:

1) Pursuant to the Business License issued by the Dongguan City Market Supervisory Authority, the basic information of Guangdong Topstar Technology Co., Ltd 廣東拓斯達科技股份有限公司 ("**Guangdong Topstar**"), an direct wholly-owned subsidiary of the Company, hereinafter referred to as "Guangdong Topstar" is as follows:

Enterprise Name:	Guangdong Topstar Technology Co., Ltd (廣東拓斯達科技股份有限公司)
Social Credit Code:	914419006633044 51G
Type:	Joint Stock Limited Company (Listed, Invested or Controlled by Natural Persons)
Legal Representative:	Wu Fengli (吳豐禮)
Registered Capital:	RMB476,972,412
Date of Establishment:	1 June 2007
Operating Period:	From June 1, 2007, to an indefinite term
Address:	No. 35, Lianhuan Road, Dalingshan Town, Dongguan City, Guangdong Province
Scope of Business:	R&D, design, production and sales of industrial robots, manipulators and other intelligent equipment, hardware mold machinery, automation equipment, and plastic machinery equipment (including automatic feeding, mixing and metering, dehumidification and drying, crushing and recycling equipment), as well as refrigeration equipment; R&D and sales of software and hardware for automatic control systems; import and export of goods, import and export of technologies; technology development in the field of rapid prototyping, and R&D, production, processing and sales of 3D printing equipment, printing equipment consumables and other rubber products and plastic products; design, construction and consultation of mechanical and electrical installation projects, air purification projects, pipeline projects and container installation projects; production and assembly of dust-free and sterile purification systems, equipment and supporting mechanical and electrical, instrumentation and control products.

2) Pursuant to two State-owned Land Use Rights Grant Contracts Nos. Dong Guo Tu Chu Rang (Shi Chang) He [2014] No. 082 dated 4 September 2014 and Dong Guo Tu Chu Rang (Shi Chang) He [2015] No. 003 dated 28 January 2015, the land use rights of two parcels of land with a total site area of approximately 50,504.08 sq m has been granted to Guangdong Topstar for a term of 50 years commencing from the land delivery date for industrial use at a total land grant fee of RMB276,200,300.

3) Pursuant to two State-owned Land Use Rights Certificates Nos. Dong Fu Guo Yong (2014) Di Te 216 Hao dated 17 November 2014 and Dong Fu Guo Yong (2015) Di Te 31 Hao, the land use rights of two parcels of land with a total site area of approximately 50,504.10 sq m is vested in Guangdong Topstar for two concurrent terms due to expire on 1 October 2064 and 25 February 2065 for industrial uses.

4) Pursuant to six Real Estate Ownership Certificates, the building ownerships of the Property with a total gross floor area of approximately 73,337.77 sq m is vested in Guangdong Topstar. Details of the said certificates are listed below:

No.	Certificate No.	Usage	GFA (sq m)
1	Yue (2018) Dong Guan Bu Dong Chan Quan Di 0325994 Hao	Industrial	15,301.41
2	Yue (2019) Dong Guan Bu Dong Chan Quan Di 0032449 Hao	Industrial	15,292.05
3	Yue (2019) Dong Guan Bu Dong Chan Quan Di 0032450 Hao	Industrial	15,292.05
4	Yue (2019) Dong Guan Bu Dong Chan Quan Di 0032378 Hao	Industrial	12,168.85
5	Yue (2019) Dong Guan Bu Dong Chan Quan Di 0412870 Hao	Industrial	10,957.51
6	Yue (2019) Dong Guan Bu Dong Chan Quan Di 0412873 Hao	Industrial	4,325.90
	Total		**73,337.77**

5) The general description and market information of the Property are summarized below:

Location:	The Property is located within Datanglang Village.
Transportation:	Shenzhen Baoan International Airport is located approximately 35 kilometres away from the Property. Also, taxi and bus are readily available in the locality
Nature of Surrounding Area:	The surrounding area is primarily industrial, featuring a mix of business parks and production plant.

6) Copies of instruments in respect of the status of title and grant of major approvals and licenses of the Property provided to us are as follows:

Document/Approval	Availability
Real Estate Ownership Certificate	Yes
Rent Roll	Yes
Business License	Yes

7) In assessing the market value of the Property, we have made reference to rental and sales prices of similar properties in the vicinity. Comparable properties are located in the same district with similar conditions, size and tenure, etc. Comparable that had been selected include monthly rental rates ranges from RMB16 to RMB17 psm for the Property; In the course of our valuation, we have considered the relevant adjustment factors such as the building quality; location; size; etc. to determine the unit price of the Property.

8) We have been provided with a legal opinion on the Property prepared by the Company's PRC legal advisor, Jia Yuan Law Offices (嘉源律師事務所) which contains, inter alia, the following information:

a. Guangdong Topstar are the legal owners of the Property and are entitled to occupy, use, lease and dispose of the Property; and

b. The Property is free from mortgage and seizure.

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or other tax provisions. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to investment in the H Shares, nor does it take into account the specific circumstances of any particular [**REDACTED**], some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of [**REDACTED**] in the H Shares. The discussion is based upon laws and relevant interpretations in effect as at the Latest Practicable Date, all of which are subject to change and may have retrospective effect.

The following discussion does not address any aspects of PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of holding and sale of H Shares.

The PRC Taxation

Taxation on dividends

Individual investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (hereinafter referred to as the "**Individual Income Tax Law**") that was promulgated on September 10, 1980 and amended on August 31, 2018 by the Standing Committee of the 13th NPC, and came into effect on January 1, 2019, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》), that were amended by the State Council on December 18, 2018 and came into effect on January 1, 2019, dividends paid by Chinese companies to individual investors are generally subject to a withholding tax at a flat rate of 20%. In addition, according to the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《財政部、國家税務總局、證監會關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance (the "**MOF**"), the State Taxation Administration (the "**SAT**") and the China Securities Regulatory Commission (the "**CSRC**") on September 7, 2015, where an individual acquires stocks of a listed company from public offering or from the stock transfer market and holds the stocks for more than one year, the income from dividends is exempt from individual income tax; if the individual holds the stocks for not more than one month (inclusive), the income from dividends is fully taxable; if the individual holds the stocks for more than one month and up to one year (inclusive), 50% of the income from dividends is taxable; The aforesaid income is subject to an individual income tax at a flat rate of 20%. In fact, the withholding tax rate for dividends of non-resident individuals may be lower than 20% under certain circumstances. However, according to the Circular of the MOF and the SAT on Issues Concerning Individual Income Tax Policies (《財政部、國家税務總局關於個人所得税若干政策問題的通知》), the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. On February 3, 2013, the State Council approved and promulgated the Notice of the State Council on Approving and Relaying the Several Opinions of the National Development and Reform Commission and Other Departments on Deepening Reform of the Income Distribution System (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Deepening the Division of Key Work for Income Distribution System Reform (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. According to the Notice of the SAT on Issues Concerning Taxation and Administration of

Individual Income Tax After the Repeal of the Document (Guo Shui Fa [1993] No. 45) (《國家稅務總局關於國稅發[1993] 045號文件廢止後有關個人所得稅徵管問題的通知》) issued by the SAT on June 28, 2011, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, normally withhold individual income tax at the rate of 10%. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates lower than 10%, the non-foreign-invested enterprise whose shares are listed in Hong Kong may apply on behalf of such holders for the lower preferential tax treatments, and, upon approval by the tax authorities, the excessive withholding amount will be refunded. For the individual holders of H Shares receiving dividends who are citizens of countries that have entered into a tax treaty with the PRC with tax rates higher than 10% but lower than 20%, the non-foreign-invested enterprise is required to withhold the tax at the agreed rate under the agreements, and no application procedures will be necessary. For the individual holders of H Shares receiving dividends who are citizens of countries without taxation treaties with the PRC or in other situations, the non-foreign-invested enterprise is required to withhold the individual income tax at a rate of 20%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong Special Administrative Region (including natural person and legal entity), but such tax will not exceed 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書) effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions.

Corporate investors

According to the Enterprise Income Tax Law that was amended and came into effect on December 29, 2018, and the Implementation Provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) that were amended on December 6, 2024 and came into effect on January 20, 2025, where a non-resident enterprise has not set up any institutions or establishments in China, or it has done so, but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including dividends received from a PRC resident enterprise whose shares are issued and listed in Hong Kong) and the enterprise income tax rate is generally 10%. The aforesaid income tax payable by a non-resident enterprise must be withheld at source. The payer of the income is the withholding obligator. The withholding tax may be reduced or eliminated under an applicable treaty for the avoidance of double taxation.

The Notice of the SAT on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Distributed by PRC Resident Enterprises to Overseas H-share Holders Which Are Non-resident Enterprises (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) that was promulgated by the SAT and came into effect on November 6, 2008, further clarifies that with regard to dividends distributed from profits generated after January 1, 2008, PRC resident enterprises must withhold and pay enterprise income tax at a tax rate of 10% on dividends distributed to H-share non-PRC resident enterprise shareholders. The Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) that was promulgated by the SAT on July 24, 2009, further provides that any PRC resident enterprise listed on any overseas stock exchange must withhold enterprise income tax at a rate of 10% on dividends distributed to

non-PRC resident enterprise shareholders. The above-mentioned tax rate may be further adjusted pursuant to the tax treaty or agreement that China has concluded with the relevant jurisdiction, where applicable.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》第五議定書) effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家税務總局關於執行税收協議股息條款有關問題的通知》).

Tax treaties

Non-PRC resident investors residing in countries that have entered into agreements for the avoidance of double taxation with China or residing in Hong Kong or Macau Special Administrative Region are entitled to preferential tax rates on dividends received by such investors from the Chinese companies. China has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau Special Administrative Region, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. A non-PRC resident enterprise entitled to a preferential tax rate under a relevant income tax treaty or arrangement may apply to China tax authorities for a refund of the difference between the amount of tax withheld and the amount of tax calculated according to the agreement rate.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Agreements (《非居民納税人享受協議待遇管理辦法》), which was promulgated by the SAT on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax agreements through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

Taxes on income from transfer of equity

VAT and local surcharges

Pursuant to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of VAT in Lieu of Business Tax (《財政部、國家税務總局關於全面推開營業税改徵增值税試點的通知》) (the "**Circular 36**"), promulgated by the MOF and the SAT on March 23, 2016 and as amended on July 11, 2017, January 1, 2018, March 20, 2019 and October 17, 2025, respectively, the entities and individuals that sell services, intangible assets or real estates within the territory of the PRC are value-added taxpayers, and shall pay value-added tax instead of business tax. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to value-added tax at a rate of 6% on the taxable income.

Meanwhile, the taxpayers of value-added tax are also subject to urban maintenance and construction tax, education surcharge and local education surcharge.

Income tax

Individual investors

According to the Individual Income Tax Law and its implementation regulations, individuals shall pay the individual income tax at the rate of 20% on their income from the sale of equity in PRC resident enterprises. Pursuant to the Circular of the Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (《財政部及國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (hereinafter referred to as "**Circular 61**") that was promulgated by the MOF and the SAT on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares of listed companies remain exempt from individual income tax. According to the Announcement about the Catalogue of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家税務總局關於繼續有效的個人所得税優惠政策目錄的公告》) promulgated by the MOF and the SAT on December 29, 2018, the Circular 61 will remain effective.

According to the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》) promulgated by the MOF, the SAT and the CSRC on December 31, 2009, individuals' income from transferring at Shanghai Stock Exchange or Shenzhen Stock Exchange the shares of a listed company acquired from the public offerings of the company or from the public trading market shall continuously be exempt from the individual income tax, except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) jointly issued by the three aforementioned authorities on November 10, 2010.

As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-resident individuals on the sale of shares of PRC-resident enterprises listed on overseas stock exchanges (for example, the Stock Exchange).

Corporate investors

According to the EIT Law and its implementation regulations, where a non-PRC resident enterprise has not set up any institutions or establishments in China, or it has done so but its income generated in China is irrelevant to the said institutions or establishments, it shall pay tax on the portion of its income generated in China (including gains from the disposal of shares of PRC resident enterprises) and the enterprise income tax rate is generally 10%. Such income tax may be reduced or eliminated under applicable tax treaties or arrangements.

Stamp duty

In accordance with the Stamp Tax Law of the PRC (《中華人民共和國印花税法》) that was promulgated on June 10, 2021 and came into effect on July 1, 2022, the entities and individuals that conclude taxable certificates, or conduct securities transactions within the territory of the PRC shall be taxpayers of stamp tax, and shall pay stamp tax in accordance with the provisions of this law. Where entities or individuals, outside the territory of the PRC, conclude taxable certificates that are used within the territory of the PRC, they shall pay stamp tax in accordance with the provisions of this law.

Estate duty

As at the date of this document, China currently has not imposed any estate tax.

Hong Kong Taxation

Tax on dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR GROUP IN THE PRC

Enterprise income tax

According to the EIT Law, the EIT rate in China is 25% and is in line with the rate applicable to foreign-invested enterprises and foreign enterprises.

According to the Notice on the Implementation of Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通知》) that was promulgated by the MOF and the SAT on January 17, 2019, for the period from January 1, 2019 to December 31, 2021, for the portion of annual taxable income of a small low-profit enterprise that is not more than RMB1 million, 25% of such amount shall be included in its taxable income, with the applicable enterprise income tax rate of 20%; and for the portion of annual taxable income that is more than RMB1 million but not more than RMB3 million, 50% of such amount shall be included in its taxable income, with the applicable enterprise income tax rate of 20%.

According to the Administrative Measures for Recognition of High and New-Technology Enterprises (《高新技術企業認定管理辦法》) that was promulgated by the Ministry of Science and Technology of the PRC, the MOF and the SAT on April 14, 2008, amended on January 29, 2016 and came into effect on January 1, 2016, high and new-tech enterprises can apply for a preferential enterprise income tax rate of 15% in accordance with the EIT Law.

Value-added tax

Pursuant to the Provisional Regulations on VAT of the PRC (《中華人民共和國增值税暫行條例》) that were amended and came into effect on November 19, 2017, all entities and individuals engaged in sales of goods, provision of processing, repairs and replacement services, or import of goods within the territory of China are subject to VAT. For taxpayers selling or importing goods, except as otherwise provided in the above regulations, the general tax rate is 17%.

Pursuant to the Circular 36 that promulgated by the MOF and the SAT on March 23, 2016 and came into effect on May 1, 2016, upon approval of the State Council, the pilot programme of replacing business tax with VAT will be promoted nationwide from May 1, 2016. All taxpayers of business tax in the construction industry, the real estate industry, the financial industry, and the living service industry are included in the scope of the pilot programme. The payment of business tax will be replaced by the payment of VAT. Pursuant to the Measures for the Implementation of the Pilot Programme of Replacing Business Tax with VAT (《營業税改徵增值税試點實施辦法》) that was issued and came into effect at the same time with the aforementioned notice, the tax rates applied to taxpayers for selling services, intangible assets or real estates are 17%, 11%, 6% and zero, respectively.

Pursuant to the Notice on Adjusting VAT Rates (《關於調整增值税税率的通知》) that was promulgated by the MOF and the SAT on April 4, 2018 and came into effect on May 1, 2018, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 17% and 11% are adjusted to 16% and 10%, respectively.

Pursuant to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) that was promulgated by the MOF, the SAT and General Administration of Customs of the PRC on March 20, 2019 and came into effect on April 1, 2019, for taxpayers engaging in taxable sales or import of goods, the previously applicable VAT rates of 16% and 10% are adjusted to 13% and 9%, respectively.

In addition, according to the Announcement on Clarifying the VAT Exemption Policy for Small-scale VAT Taxpayers (《關於明確增值税小規模納税人免徵增值税政策的公告》) promulgated by the MOF and the SAT on March 31, 2021, small-scale VAT taxpayers with monthly sales less than RMB150,000 (inclusive) are exempt from VAT from April 1, 2021 to December 31, 2022.

Foreign Exchange Control in the PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The principal regulations governing foreign currency exchange in the PRC are the Foreign Exchange Control Regulations which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was subsequently amended on January 14, 1997 and August 5, 2008 and the Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) which was promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loans or investment in securities outside China unless prior approval of the SAFE or its local counterparts is obtained.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at financial institutions that carries business of foreign exchange settlement and sale by presenting valid documentation. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, on the strength of resolutions of the Board of Directors or the shareholders' general meetings on the distribution of profits, effect payment from foreign exchange accounts or with the purchased foreign exchange at designated foreign exchange banks.

On December 26, 2014, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》), pursuant to which a domestic company shall, within 15 working days upon the end of its overseas public offering, handle registration formalities for overseas listing with the foreign exchange authority at its place of registration with the required materials. Funds raised by a domestic company through overseas listing may be repatriated to or deposited outside the PRC, and the use of such funds shall be consistent with the relevant contents set out in the publicly disclosed documents.

On February 13, 2015, the SAFE issued the Notice of on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which came into effect on June 1, 2015. The notice has cancelled the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment. Instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its local offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the SAFE on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued by the SAFE on June 9, 2016, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to international balance of payments.

THE PRC LEGAL SYSTEM

The PRC legal system is composed of the constitution, laws, administrative regulations, local regulations, separate rules, rules and regulations of departments of the State Council, rules and regulations of local governments, autonomy regulations, separate rules of autonomous regions and international treaties of which the PRC government is a signatory.

Court judgements do not constitute binding precedents, although they may be used for the purpose of judicial reference and guidance.

Pursuant to the Constitution of the PRC (《中華人民共和國憲法》) (hereinafter referred to as the "**Constitution**", which was promulgated on December 4, 1982 and last amended and came into effect on March 11, 2018) and the Legislation Law of the PRC (《中華人民共和國立法法》), which was adopted on July 1, 2000 and last amended on March 13, 2023 and came into effect on March 15, 2023 (hereinafter referred to as the "**Legislation Law**"), the NPC and the Standing Committee of the NPC (the "**SCNPC**") are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws of criminal and civil matters, State institutions and others. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during its adjournment, provided that such supplements and amendments shall not be in conflict with the principles of such laws.

The State Council is the highest administrative organ of the State, and enacts administrative regulations under the Constitution and laws.

People's congresses of provinces, autonomous regions and municipalities directly under the central government and their respective standing committees may formulate local regulations based on the specific circumstances and requirements of the local administrations, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

The ministries, commissions, the PBOC, National Audit Office of the PRC and the State Committee of Supervisory of the PRC with administrative functions may formulate rules and regulations within the scope of their authority based on the laws and the administrative regulations, decisions and rulings of the State Council. In order to implement the laws, administrative regulations and decisions and rulings of the State Council, provisions of rules and regulations within the jurisdiction are formulated.

People's congresses of cities with districts and their standing committees may enact local regulations based on the specific circumstances and actual needs which shall come into effect upon approval from the respective standing committees of the people's congresses of the provinces and autonomous regions, provided that such local regulations shall not be in conflict with the constitution, laws, and administrative regulations.

People's congresses of autonomous regions may enact autonomy regulations and separate rules in the light of the political, economic and cultural characteristics of the local nationalities, which shall come into effect upon approval by the SCNPC. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomy regulations and separate rules so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the constitutions, national region autonomy law and other relevant laws and administrative regulations.

People's governments of provinces, autonomous regions and municipalities directly under the central government may formulate rules according to laws, administrative regulations and relevant local regulations.

The Constitution, enacted by the NPC, is basis of the PRC legal system and has supreme legal authority, and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The hierarchy of laws is higher than that of administrative regulations, local regulations, and rules. The hierarchy of administrative regulations is higher than that of local regulations and rules. The hierarchy of local regulations is higher than that of the rules of the local governments at or below the corresponding level. The hierarchy of the rules enacted by the people's governments of the provinces or autonomous regions is higher than that of the rules enacted by the people's governments of cities and autonomous prefectures with districts within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any local regulation that contravenes the Constitution, laws or administrative regulations, and to annul any autonomous regulation or separate regulation which has been approved by the standing committees of the NPC of the relevant provinces, autonomous regions or municipalities directly under the central government but contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congress of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at the lower level.

According to the Constitution, the authority of the interpretation of laws shall be vested to the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on June 10, 1981, interpretation on the application of laws and decrees in court trials and the procuratorial work of the procuratorates shall be given by the Supreme People's Court and the Supreme People's Procuratorate of the PRC, respectively. Interpretation of the laws and decrees unrelated to trials and procuratorial work shall be given by the State Council and the competent ministries and commissions.

In the case that clarification or additional provisions shall be made for the local regulations, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the central government which enacted such regulations shall give the interpretation or formulate the additional provisions. Interpretation on the application of local regulations shall be given by the competent departments under the people's government of the respective provinces, autonomous regions and municipalities directly under the central government.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of the PRC of Organisation of the People's Courts (《中華人民共和國人民法院組織法》) which was enacted and implemented on September 21, 1954, and last amended on October 26, 2018 and took effect on January 1, 2019, the judicial system in PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may be organised into civil, criminal, and economic tribunals. The intermediate people's courts may be organised into divisions similar to those of the basic people's courts, and may be further organised into other special divisions. The people's courts at lower levels are subject to the supervision of the people's courts at higher levels. The Supreme People's Court is the highest judicial organ of the PRC and it has the power to supervise the administration of justice by the local people's courts at all levels and all special people's courts. The people's procuratorates also have the right to exercise legal supervision over the trial activities of people's courts at same or lower levels.

The people's courts adopt a "second instance as final" appellate system in the trials of the cases. A party to the case concerned may appeal against the judgement and ruling of the first instance by the local people's courts to the people's courts at the next higher level in accordance with the legal procedures. The people's procuratorates may appeal to the people's court at the next higher level in accordance with the legal procedures. In the absence of any appeal by any parties to the case concerned or any appeal by the people's procuratorates within the stipulated period, the judgement and ruling of the first instance by the local people's courts shall be final and legally binding. Judgements and rulings of the second instance of the intermediate people's courts, the higher people's courts and Supreme People's Court and the judgements and rulings of the first instance of the Supreme People's Court shall be the final judgements and rulings. If, however, the Supreme People's Court finds some definite errors in a legally effective judgement, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgement, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgement, ruling or conciliation statement, and considers that a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision. For death penalties, except those judged by the Supreme People's Court in accordance with the law, requests shall be submitted to the Supreme People's Court for approval.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (hereinafter referred to as the "**PRC Civil Procedure Law**"), which was enacted on April 9, 1991 and last amended on September 1, 2023 and became effective on January 1, 2024, sets forth the criteria for instituting a civil case, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgement or order. All parties to a civil action conducted within the PRC must comply with the PRC Civil Procedure Law. Generally, a civil case is initially heard by the people's court located in the defendant's place of domicile. The parties to a contract may, by an express agreement, select a competent court where civil actions may be brought, provided that the competent court has jurisdiction over the plaintiff's or the defendant's place of residence, the place of execution of the contract or the place of performance of the contract, or the object of the action or locations which have substantial connections with the dispute. However, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a stateless person, a foreign enterprise or a foreign organisation is given the equal litigation rights and obligations as a citizen, a legal person or other organisations in the PRC when initiating actions or defending against litigations at a PRC court. Should foreign courts impose restrictions on the litigation rights of the citizens, legal persons or other organisations in the PRC, the PRC courts shall impose reciprocal restrictions on the litigation rights of citizens, enterprises and organisations in that country. A foreign individual, a stateless person, a foreign enterprise or a foreign organisation must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgements and rulings. If any party to a civil action refuses to abide by a judgement or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgement which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgement on the party.

A party seeking to enforce a judgement or order of a people's court against a party who is not located within the PRC and does not own any property in the PRC, may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgement or order. In the case of an application or request for recognition and enforcement of a legally effective judgement or order of a foreign court, the people's court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or with the principle of reciprocity and having arrived at the conclusion that it does not contravene the primary principles of the laws of the PRC nor violates its sovereignty, security or social and public interests, recognise the validity of the judgement or order, and, if required, issue a writ of enforcement and enforce it in accordance with the relevant regulations. If the application or request contravenes the primary principles of the laws of the PRC or violates its sovereignty, security or social and public interests, the people's court shall not recognise and enforce it.

THE PRC COMPANY LAW, TRIAL MEASURES FOR ADMINISTRATION AND GUIDELINES FOR THE ARTICLES OF ASSOCIATION

A joint stock limited company incorporated in the PRC seeking a listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") is mainly subject to the following laws and regulations of the PRC:

The Company Law of the PRC (《中華人民共和國公司法》) (hereinafter referred to as the "**Company Law (《公司法》)**") was adopted by the Fifth Standing Committee Meeting of the Eighth NPC on December 29, 1993 and came into effect on July 1, 1994, and was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013 and October 26, 2018 with last amendment made on December 29, 2023, and came into effect on July 1, 2024.

The Trial Measures for Administration promulgated by the CSRC on February 17, 2023 and effective on March 31, 2023, are applicable to the overseas securities offering and listing by domestic enterprises.

The Guidelines for the Articles of Association of Listed Companies ("**Guidelines for the Articles of Association**") issued by the CSRC on December 16, 1997, which was last amended on March 28, 2025 and became effective on the same date, provides guidance on the articles of association. Accordingly, the contents of the Guidelines are set out in the Company's Articles of Association, and the summary of which is set out in the section headed "Appendix V — Summary of the Articles of Association" of this document.

Set out below is a summary of the major provisions of the Company Law, Trial Measures for Administration and Guidelines for the Articles of Association which are applicable to the Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters shall convene an inaugural meeting of the company established by means of public subscription within 30 days after the share capital has been paid-up, and shall notify all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting may be held only the presence of promoters and subscribers holding more than 50% of the total number of shares. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the Board of Directors and the Supervisory Committee of a company. The aforesaid matters shall be resolved by more than 50% of the votes to be casted by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the Board of Directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Capital

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or with an intellectual property rights or land use rights.

The Trial Measures for Administration stipulates that fund raising and dividend distributions of a domestic enterprise may be made in foreign currencies or RMB. According to the Trial Measures for Administration, shareholders holding domestic unlisted shares of a domestic enterprise directly listed overseas and are applying for the conversion of the domestic unlisted shares held by them into overseas listed shares and to be listed for trading at overseas stock exchanges, shall comply with the relevant requirements of the CSRC, and file with the CSRC through a domestic enterprise. The term "domestic unlisted shares" mentioned in the previous paragraph refers to shares that have been issued by domestic enterprises but are not listed or traded on any domestic stock exchange. Domestic unlisted shares should be registered and held centrally at domestic securities registration and clearing institutions. The registration and settlement arrangements for overseas listed shares shall be subject to the regulations of the overseas listing jurisdiction.

Under the Company Law, a joint stock limited company shall maintain a register of shareholders, stating the following matters: (1) the name and domicile of a shareholder; (2) class and number of shares subscribed for by each shareholder; (3) the serial number of the shares if the shares are issued in paper form; and (4) the date on which each shareholder acquired the shares.

Increase in Share Capital

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the shareholders' general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders. If no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announce its document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) To prepare a balance sheet and an inventory of assets;

(ii) A company makes a resolution at shareholders' general meeting to reduce its registered capital;

(iii) A company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital;

(iv) The creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice;

(v) When a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the articles of association of a joint stock limited company.

Repurchase of shares

Under the Company Law, a company shall not acquire its own shares. Except for any following circumstances:

(i) reducing the registered capital;

(ii) merging with other company that holds the shares of the company;

(iii) using the shares for employee stocks plan or equity incentives;

(iv) with respect to shareholders voting against any resolution adopted at the shareholders' general meeting on the merger or division of the company, the right to demand the company to acquire the shares held by them;

(v) using the shares for the conversion of convertible corporate bonds issued by the listed company;

(vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The purchase of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the shareholders' general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the provisions of the Articles of Association or the authorization from the shareholders' general meeting.

Following the purchase of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of buy-back in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the company held by a company shall not exceed 10% of the total issued shares of a company, and shall be transferred or cancelled within three years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder should effect a transfer of his shares on lawfully established securities exchange or by any other means as required by the State Council. The stocks shall be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and address of the transferee in the register of shareholders. No changes of registration in the share register provided in the foregoing requirement shall be effected during a period of 20 days prior to the convening of shareholder's general meeting or 5 days prior to the record date for a company's distribution of dividends. However, if any law provides otherwise for the registration of changes in the register of members of a listed company, such provisions shall prevail.

Under the Company Law, shares issued by a company prior to the listed shares shall not be transferred within one year from the date on which the shares of a company are listed on a securities exchange. Directors, supervisors and senior management of a company shall declare to a company their shareholdings in a company and any changes of such shareholdings, and the shares transferred each year during their term of office as determined when they assume the posts shall not exceed 25% of the total shares they hold in a company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date of a company's listing on a securities exchange; nor within six months after their resignation from their positions with a company.

Shareholders

Under the Company Law and the Guidelines for the Articles of Association, the rights of a shareholder of ordinary shares of a company include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to request, convene, preside over, attend or appoint a proxy to participate in the shareholders' general meeting in accordance with the law, and exercise the corresponding voting rights;

(iii) to supervise and manage a company's business, and to present proposals or to raise inquiries;

(iv) to transfer, gift or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles of Association;

(v) to inspect the Articles of Association, register of members, stubs of corporate bonds, minutes of general meetings, resolutions of the Board, resolutions of the Supervisory Committee, financial and accounting reports;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) to require the company to purchase its shares in the event that a shareholder disagrees with the resolution on merger or division of the company approved at a shareholders' general meeting; and

(viii) other rights as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The obligations of a shareholder of ordinary shares of a company include:

(i) to comply with the Articles of Association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company; and

(iv) other obligations conferred by laws, administrative regulations and the Articles of Association.

Shareholders' General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the organ of authority of a company, which exercises the following functions and powers:

(i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors;

(ii) to examine and approve reports of the Board of Directors;

(iii) to examine and approve reports of the Supervisory Committee;

(iv) to examine and approve a company's profit distribution plans and loss recovery plans;

(v) to resolve on the increase or reduction of a company's registered capital;

(vi) to resolve on the issuance of corporate bonds;

(vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company;

(viii) to amend the a company's Articles of Association; and

(ix) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, annual shareholders' general meetings are required to be held once every year. An extraordinary shareholders' general meeting is required to be held within two months after the occurrence of any of the following circumstances:

(i) the number of directors is less than the number stipulated in the company Law or less than two-thirds of the number specified in the Articles of Association;

(ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital;

(iii) shareholders individually or jointly holding 10% or more of the company's shares request;

(iv) when deemed necessary by the Board of Directors;

(v) the Supervisory Committee proposes to convene the meeting; and

(vi) other circumstances as stipulated in the Articles of Association.

Shareholders' general meetings shall be convened by the Board of Directors, and presided over by the chairperson of the Board of Directors. In the event that the chairperson is incapable of performing or not performing his duties, the meeting shall be presided over by the vice chairperson. In the event that the vice chairperson is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the Board of Directors is incapable of performing or is not performing its duties to convene the shareholders' general meeting, the Supervisory Committee shall convene and preside over shareholders' general meeting in a timely manner. If the Supervisory Committee fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

Notice of shareholders' general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, while shares held by a company are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the shareholders' general meeting in accordance with the provisions of the Articles of Association or the resolutions of the shareholders' general meeting. Under the accumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the shareholders' general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the shareholders' general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the articles of association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company shall have a Board of Directors, which shall consist of three or more members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Meetings of the Board of Directors shall be convened at least twice a year. All directors and supervisors shall be given notice 10 days before the meeting for every meeting. The Board exercises the following functions and powers:

(i) to convene shareholder's general meetings and report its work to the shareholder's general meetings;

(ii) to implement the resolutions of the shareholder's general meeting;

(iii) to decide on a company's business plans and investment plans;

(iv) to formulate a company's annual financial budget and final accounts;

(v) to formulate a company's profit distribution plan and loss recovery plan;

(vi) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds;

(vii) to formulate plans for merger, division, dissolution or change of corporate form of a company;

(viii) to decide on the internal management structure of a company;

(ix) to decide on the appointment or dismissal of the manager of a company and their remuneration;

(x) to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager as well as their remuneration;

(xi) to formulate a company's basic management system;

(xii) other functions and powers specified in the Articles of Association or granted by the shareholders' general meeting.

Under the Company Law, a person may not serve as a director of a company if he is:

(i) a person without capacity or with restricted capacity;

(ii) a person who has been sentenced to criminal punishment due to corruption, bribery, infringement of property, misappropriation of property or destruction of the socialist market economic order; or a person who has been deprived of his political rights due to a crime, where less than five years have elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period;

(iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) a person who was a legal representative of a company or an enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who was personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and

(v) a person being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The Board of Directors shall have one chairperson, who shall be elected by more than half of all the directors. The chairperson shall exercise the following functions and powers (including but not limited to):

(i) to preside over shareholders' general meetings and convene and preside over board meetings;

(ii) to cause and inspect the implementation of the resolutions of the Board of Directors; and

(iii) to exercise functions and powers conferred by the Board of Directors.

Supervisors

Under the Company Law, a joint stock limited company shall have a supervisory committee composed of not less than three members. The supervisory committee shall comprise shareholder representatives and an appropriate proportion of the company's employee representatives, of which the proportion of employee representatives shall not be less than one-third and the specific proportion shall be stipulated in the Articles of Association. Employee representatives of the Supervisory Committee shall be democratically elected by the company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management of the company may not act concurrently as supervisors.

The Supervisory Committee exercises the following functions and powers:

(i) to examine the company's financial affairs;

(ii) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;

(iii) to demand rectification by a director or senior management when the acts of such persons are harmful to the company's interest;

(iv) to propose the convening of extraordinary general meetings, and to convene and preside over shareholders' general meetings when the Board of Directors fails to perform the duty of convening and presiding over shareholders' general meetings under the Company Law;

(v) to submit proposals to the shareholders' general meeting;

(vi) to initiate legal proceedings against directors and senior management in accordance with the Company Law; and

(vii) other functions and powers specified in the Articles of Association.

Managers and Senior Management

Under the Company Law, a company shall have a general manager who shall be appointed or removed by the Board of Directors. The manager is accountable to the Board of Directors and may exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the company and to organize the implementation of the resolutions of the Board of Directors;

(ii) to organize the implementation of the company's annual business plans and investment plans;

(iii) to formulate plans for the establishment of the company's internal management structure;

(iv) to draft the company's basic management system;

(v) to formulate the basic rules and regulations of the company;

(vi) to propose the appointment or dismissal of the company's deputy manager and financial controller;

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors; and

(viii) to exercise other functions and powers conferred by the Articles of Association and the Board of Directors.

According to the Company Law, senior management shall refer to the manager, deputy manager, financial controller, secretary of the Board of Directors and other personnel as stipulated in the Articles of Association of the company.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial and accounting reports which shall be audited by an accounting firm in accordance with the law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting of shareholders. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its profits into its statutory reserve fund. The Company may cease to make allocations to statutory reserve fund if it has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting or the shareholders' general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the company.

The reserve fund of the company shall be used to make up losses of the company, expand the production and operation of the company or increase the capital of the company. Where the reserve fund of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounts other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the Board of Directors in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' general meeting or the Board of Directors conduct a vote on the dismissal of the accounting firm. The Company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

Profit Distribution

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders, directors, supervisors, and senior management personnel who are responsible for causing losses to the company shall bear compensation liability.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(ii) a resolution for dissolution passed at a shareholders' meeting;

(iii) dissolution is necessary due to a merger or division of the company;

(iv) the business license is revoked, or the company is ordered to close, or the company is dissolved/revoked; and

(v) where the company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to a people's court for the dissolution of the company with the support of the judgment.

If any of the situations as mentioned in the preceding paragraph arises, the company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i), (ii) above, it may carry on its existence by amending its Articles of Association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, a liquidation panel shall be established and the liquidation shall commence within 15 days after the occurrence of an event of dissolution. The liquidation panel shall be composed of directors, unless it is otherwise provided for in the Company's Articles of Association or it is otherwise elected by the shareholders' general meeting. If the Company fails to establish a liquidation panel within the stipulated period, or if the liquidation panel is established but fails to carry out the

liquidation, any interested party may apply to the people's court to appoint relevant personnel to form a liquidation panel to conduct liquidation. The people's court should accept such application and form a liquidation panel to conduct liquidation in a timely manner.

The liquidation panel shall exercise the following functions and powers during the liquidation period:

(i) to liquidate the company's property and respectively prepare balance sheet and an inventory of assets;

(ii) to notify creditors by notice or public announcement;

(iii) to deal with the outstanding business of the company involved in the liquidation;

(iv) to pay all outstanding taxes and taxes arising in the course of liquidation;

(v) to liquidate claims and debts;

(vi) to deal with the remaining property of the company after paying off debts; and

(vii) to participate in civil litigations on behalf of the company.

The remaining property of the company after payment of liquidation expenses, employees' wages, social insurance premiums and statutory compensation, payment of outstanding taxes, and settlement of the company's debts shall be distributed by the joint stock company in proportion to the shares held by the shareholders.

During the liquidation period, the company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

Liquidation Panel

If the liquidation panel, having thoroughly examined the company's assets and having prepared a balance sheet and an inventory of assets, discovers that the company's assets are insufficient to pay its debts in full, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation panel shall hand over the affairs of the liquidation to the bankruptcy administrator designated by the people's court.

Upon completion of the liquidation, the liquidation panel shall prepare a liquidation report to be submitted to the shareholders' general meeting or the people's court for confirmation, and submit to the company registration authority to apply for cancelation of the company's registration.

Members of the liquidation panel performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation panel who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation panel who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Overseas Listing

According to the Trial Measures for Administration, a PRC domestic company seeking an overseas listing shall submit an application to the CSRC in accordance with the administrative filing procedures as required by the Trial Measures for Administration.

THE PRC SECURITIES LAW AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issuance and trading of our shares and disclosure of information. In October 1992, the State Council established the Securities Committee of the State Council (國務院證券委員會) and the CSRC. The Securities Committee of the State Council is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of

securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC is the regulatory organ of the Securities Committee of the State Council and is responsible for the drafting of regulatory provisions governing securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. On March 29, 1998, the State Council consolidated the aforementioned two departments and reformed the CSRC.

On April 22, 1993, the Provisional Regulations Concerning the Issuance and Trading of Shares (《股票發行與交易管理暫行條例》) were promulgated by the State Council to govern the application and approval procedures for public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, settling and transfer of listed equity securities, as well as the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issuance, subscription, trading and declaration of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The PRC Securities Law took effect on July 1, 1999 and was revised as at August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. It was the first national securities law in the PRC, and is divided into 14 chapters and 226 articles regulating, among other matters, the issuance and trading of securities, takeovers of listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the PRC Securities Law provides that domestic enterprises must comply with the relevant regulations of the State Council to, directly or indirectly, issue securities or lists its securities to be traded outside the PRC. Currently, the issuance and trading of foreign issued shares (including H share) are principally governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "**Arbitration Law**") was passed on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009, September 1, 2017, and September 12, 2025. It is applicable to contract disputes and other property disputes between natural persons, legal persons and other organizations where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association (中國仲裁協會) of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case, unless the arbitration agreement is null and void.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award made by the arbitration body shall be final and conclusive and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. The people's court shall enforce the arbitral award upon receipt of the application. A people's court may refuse to enforce an arbitral award made by an arbitration tribunal after verification by collegial bench formed by the people's court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

A party seeking to enforce an arbitral award of PRC Arbitration Tribunal against a party who, or whose property, is not within the PRC, may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or participated in by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution passed by the SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the State to which the arbitration for enforcement is made. At the time of the PRC's accession to the New York Convention, the SCNPC declared that (i) the New York Convention will only be applied to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and became effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (Articles 1 and 4 became effective on November 27, 2020, and Articles 2 and 3 became effective on May 19, 2021) promulgated on November 26, 2020, the courts of Hong Kong agree to enforce the awards made pursuant to the Arbitration Law by the arbitral authorities in the Mainland (the list to be supplied by the Legislative Affairs Office of the State Council (國務院法制辦公室) through the Hong Kong and Macao Affairs Office of the State Council (國務院港澳事務辦公室)) and the people's courts of the Mainland agree to enforce the awards made in the Hong Kong pursuant to the Arbitration Ordinance of the Hong Kong. If the people's courts of the Mainland China find that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland China will be against public interests of the Mainland, or the courts of Hong Kong decide that the enforcement of the arbitral awards in Hong Kong will be against public policies of Hong Kong, the awards may not be enforced.

JUDICIAL JUDGEMENT AND ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) promulgated on January 25, 2024 and implemented on January 29, 2024 by the Supreme People's Court, parties involved may apply to the courts of the Mainland China or the Hong Kong Special Administrative Region for the recognition and enforcement of valid judgments rendered by the people's courts of the Mainland China and the courts of the Hong Kong Special Administrative Region in civil and commercial matters or in civil damages awards arising from criminal cases, in accordance with this Arrangement.

This appendix is mainly to outline the Articles of Association of the Company for prospective [**REDACTED**]. Since this section contains only a summary, it may not include all information that is important to prospective [**REDACTED**].

GENERAL

The Company is a joint-stock limited company with perpetual succession.

A shareholder shall be liable for the Company in proportion to the shares it has subscribed from the Company, while the Company shall be liable for the debts of the Company with all its properties.

Since the effective date of the Articles of Association of the Company, such Articles will become legal documents to regulate the organization and behaviors of the Company, the rights and obligations of shareholders and the Company and their relationship between the Company and shareholders, or between shareholders, which will also have binding effects on the Company, its shareholders, directors, and senior management. Pursuant to the above, a shareholder may file a lawsuit to another shareholder, a shareholder may file a lawsuit to a director or senior management of the Company, a shareholder may file a lawsuit to the Company, while the Company may file a lawsuit to a shareholder, director or senior management.

BUSINESS SCOPE

As lawfully registered, the Company's business scope includes: research, design, production, and sales of industrial robots, manipulators, and other intelligent equipment; hardware mold machinery; automation equipment and auxiliary systems such as automatic feeding, mixing and metering, dehumidification and drying, crushing and recycling for plastic machinery; refrigeration equipment; software and hardware development and sales of automation control systems; import and export of goods and technology; technical development in the field of rapid prototyping; research, production, processing, and sales of printing equipment, printing consumables, rubber products, and plastic products; engagement in the design, construction, and consultation of electromechanical installation projects, air purification projects, pipeline projects, and container installation projects; production and assembly of cleanroom, sterile purification systems, equipment, and related electromechanical and instrument control products

SHARES

Issuance of Shares

The shares of the Company will be issued in open, fair and just manner, with equal rights for each share of the same class. For the same class of shares issued in the same time, each share is issued in the same conditions and price; and each subscriber has paid the same price for each share subscribed.

Share Increase/Decrease and Repurchase

Upon the demand of operation and development, under laws, regulations, regulatory documents and local listing rules, with resolution of general meeting of shareholders, the Company may increase share capital by means of:

(1) issuing shares to unspecific objects;

(2) issuing shares to specific objects;

(3) distributing bonus shares to existing shareholders;

(4) converting provident fund into share capital;

(5) other means permitted by laws, administrative regulations, local listing rules and CSRC and Stock Exchange.

The Company shall not repurchase its own shares, unless in any of the following events:

(1) decrease of its registered capital;

(2) merger with another Company holding its shares;

(3) use of company shares in employee shareholding plan or equity incentives;

(4) Shareholders disagree with the resolution of merger or spin-off at general meeting, and require the Company to repurchase its shares;

(5) conversion of company shares into convertible bonds of the Company;

(6) required to maintain the company value and shareholder's interests;

(7) other situations permitted by laws, administrative regulations, departmental regulations, regulatory documents, Listing Rules, and other local listing rules.

The Company may repurchase its shares by public centralized trading, offering or other means recognized by laws, administrative regulations and local listing rules. To repurchase its shares in event (3), (5) or (6) above, the Company shall repurchase by public centralized trading.

To repurchase its shares in event (1) or (2) above, the Company shall obtain a resolution at general meeting; to repurchase in event (3), (5) or (6) above, if permitted by local listing rules, the Company shall obtain a resolution of Board meeting at which not less than 2/3 directors are present.

Upon repurchase in event (1) above, if permitted by local listing rules, the shares shall be deregistered within 10 days from repurchase; in event (2) or (4) above, the shares shall be transferred or deregistered within 6 months; in event (3), (5) or (6), the shares held by the Company shall not exceed 10% of its shares issued, and such shares shall be transferred or deregistered within 3 years.

Transfer of Shares

Company shares can be transferred lawfully, unless otherwise provided by the PRC Company Law and other applicable laws, regulations, regulatory documents, local listing rules and this Articles of Association.

All H shares shall be transferred in general or common form or any other written transfer instrument in the format acceptable to the Board (including the standard form of transfer defined by Stock Exchange from time to time, or transfer form); such transfer instrument can only be effective with signature or company seal (if the transferor or transferee is a firm). The transfer instrument may be signed by signature or photocopy, if the transferor or transferee is a recognized clearing house defined by relevant provisions effective from time to time under HK laws or its agent. All transfer instruments shall be deposited with the legal address of the Company or other address designated from time to time by the Board.

The Company cannot accept any of its shares as object of pledge.

The shares issued by the Company before public issuance of its shares shall not be transferred within 1 year from the date of listing of its shares on the stock exchange.

A director or senior management of the Company shall declare its holding of Company shares and the change thereof to the Company, and during its term of office the number of shares transferred every year shall not exceed 25% of the total Company shares it holds; such shares shall not be transferred within 1 year from the listing of Company shares. A director or senior management shall not transfer any of Company shares it holds within half a year from its leaving the Company.

When a director, senior management, shareholders holding more than 5% shares of the Company (excluding the HKSCC and HKSCC Nominees) sells out the Company shares or other equity securities it holds within 6 months from buying, or buys back within 6 months from sellout, the proceeds shall in the ownership of the Company and be recovered by the Board. However, the exceptions include the securities companies hold more than 5% of Company's shares due to purchasing unsold stocks after underwriting, and other events provided by CSRC and the Stock Exchange.

The shares or other equity securities held by above director, senior management or individual shareholder shall include the shares or other equity securities held by its spouse, parents or children or held by them using other's account.

If the Board fails to perform according to above provisions, shareholders may require the Board to perform within 30 days. If the Board fails to perform before deadline, shareholders may file to the people's court in the name of shareholders, for the benefit of the Company.

If the Board fails to perform according to above provisions, the director who is responsible for such failure shall be jointly and severally liable at law.

SHAREHOLDERS AND GENERAL MEETING

General Provisions on Shareholders

The Company shall establish a register of shares based on the vouchers provided by the securities registering and clearing institution, and the register shall serve as sufficient evidence to prove the shareholders hold the shares of the Company.

The original of H shares register is deposited in Hong Kong, available to shareholders for search, provided that the Company may suspend registration of shareholders under applicable laws, regulations and local listing rules.

A shareholder has the rights and obligations according to the class of shares it holds; the shareholders hold the same class of shares have the equal rights and obligations.

When the Company intends to hold a general meeting, distribute dividends, settle accounts or engage in other business that requires to identify shareholders, the caller of Board meeting or general meeting shall determine the date of shares registration. The shareholders named in the shares register after closing of the registration date shall be entitled shareholders.

A shareholder of the Company is entitled to:

(1) obtain dividends and other forms of profit distribution in proportion to its shareholding;

(2) lawfully require to hold, call on, chair, participate or appoint its representative to participate and vote at general meeting;

(3) supervise the operation of the Company, give advice or inquiry;

(4) transfer, gift or pledge the Company shares it holds under laws, administrative regulations, local listing rules and the Articles of Association;

(5) check or replicate the Articles of Association, shares register, general meeting minutes, Board meeting resolutions, financial and accounting reports, and the books of accounts and accounting vouchers accessible to eligible shareholders;

(6) enjoy distribution of remaining properties of the Company according to its shareholding when the Company is terminated or liquidated;

(7) (being the shareholder who disagrees with the resolution of merger or spin-off at general meeting) require the Company to repurchase its shares;

(8) other rights under the laws, administrative regulations, departmental regulations, local listing rules or the Articles of Association.

A shareholder requiring to check or replicate some material of the Company shall comply with the Securities Law, and other laws and administrative regulations, and shall provide documents in writing to prove the number and class of shares it holds. After verification of the shareholder's identity, the Company may provide the required material to the shareholder.

A shareholder may require local people's court to invalidate any resolution at general meeting or Board meeting that breaks the laws, administrative regulations or local listing rules.

If the calling process or voting manner of general meeting or Board meeting breaks the laws, administrative regulations or Articles of Association, or the content of a resolution breaks the Articles of Association, then the shareholder may require local people's court to withdraw such meeting or resolution within 60 days from the date of resolution, unless there is only slight flaw in the calling process or voting manner, without substantial influence on the resolution.

For any dispute on the effectiveness of general meeting resolution, the Board, general meeting and other parties shall timely file a litigation to the local people's court. Before the local court decides or determines to withdraw the resolution, the parties shall perform the resolution. The Company, its directors and senior management shall perform their duties practically, to ensure normal operation of the Company.

If the local court decides or determines on relevant issue, the Company shall perform its obligation of information disclosure under the laws, administrative regulations, the CSRC rules and stock exchange rules, fully describing the influence, and shall actively cooperate in the performance after the decision or determination becomes effective. For correction of previous issue, the Company shall timely handle and perform its obligation of information disclosure.

The resolution at general meeting or Board meeting is ineffective in any of the following events:

(1) the resolution is made without holding of general meeting or Board meeting;

(2) there is no voting on the motion to be resolved at general meeting or Board meeting;

(3) the number of representatives present at meeting or the number of voting rights represented by them falls short of that required by the PRC Company Law or the Articles of Association;

(4) the number of representatives present at meeting voting for the resolution or the number of voting rights represented by them falls short of that required by the PRC Company Law or the Articles of Association.

If a director or senior management on duty, who is not a member of Audit Committee, breaks the laws, administrative regulations, local listing rules or the Articles of Association, causing loss to the Company, then the shareholder who holds more than 1% shares of the Company (excluding treasury stock) singly or in aggregate for more than 180 consecutive days may require in writing the Audit Committee to file a litigation to the local court. If a member of Audit Committee on duty breaks the laws, administrative regulations, local listing rules or the Articles of Association, causing loss to the Company, then the aforementioned shareholder may require in writing the Board of Directors to file a litigation to the local court.

The foregoing shareholder may directly file a litigation to the local court in its own name for the benefit of the Company, if the Audit Committee or the Board refuses to file a litigation after receiving the request in writing from the foregoing shareholder or fails to file a litigation within 30 days after receiving the request, or if in such emergency that the failure to immediately file a litigation may cause irreparable damages to the Company's interests.

If other persons infringe on the Company's legitimate rights and benefits, causing loss to the Company, then the shareholder holding over 1% shares of the Company (excluding treasury stock) singly or in aggregate for more than 180 consecutive days may file a litigation to local court according to above two paragraphs.

If a director, supervisor or senior management of a wholly owned subsidiary of the Company on duty breaks the laws, administrative regulations, local listing rules or the Articles of Association, causing loss to the Company, or if other persons infringe on the wholly owned subsidiary's legitimate rights and benefits, causing loss to such subsidiary, then the shareholder holding over 1% shares of the Company (excluding treasury stock) singly or in aggregate for more than 180 consecutive days may require in writing the board of supervisors or the Board of Directors of such subsidiary to file a litigation or file a litigation

directly in its own name, under the first three clauses of Section 189 of the PRC Company Law. If there is no board of supervisors or supervisor in the wholly owned subsidiary but with audit committee, the foregoing provisions shall prevail.

If a director or senior management breaks the laws, administrative regulations, local listing rules or the Articles of Association, against the interests of shareholders, then shareholders may file a litigation to local court.

A shareholder of the Company shall:

(1) obey the laws, administrative regulations, local listing rules and the Articles of Association;

(2) contribute to the share capital according to the number of shares subscribed and the method of subscription, and bear the loss and debts of the Company to the extent of the number of shares subscribed;

(3) not withdraw from share capital, unless otherwise required by the laws, regulations, and local listing rules;

(4) not abuse the shareholder's rights to harm the Company or other shareholders' interests; not abuse the Company's legal person status and the shareholder's limited liability to harm the interests of the Company's creditors;

(5) other obligations under the laws, administrative regulations, departmental rules, regulatory documents, local listing rules and the Articles of Association.

If the abuse of shareholder's rights causes loss to the Company or other shareholders, then such shareholder shall be duly liable for compensation. If the abuse of Company's legal person status and shareholder's limited liability to evade debts seriously damages the interests of the Company's creditors, then such shareholder shall be jointly and severally liable for Company debts.

Controlling Shareholder and Beneficial Owner

The controlling shareholder or beneficial owner of the Company shall exercise its rights, perform its obligations and maintain the listed company's interests, under the laws, administrative regulations, the CSRC rules, the listing rules of the stock exchanges where company's shares are listed and local listing rules.

The controlling shareholder or beneficial owner of the Company shall:

(1) lawfully exercise shareholder's rights, not abuse power of control or utilize the connected relationship to harm the Company or other shareholder's legitimate rights and benefits;

(2) strictly perform its public statements and various commitments, not alter or exempt unilaterally;

(3) strictly perform its obligation of information disclosure as required, actively cooperate with the Company in disclosure, and timely notify the Company of any material event that has occurred or is going to occur;

(4) not occupy the Company's funds in any manner;

(5) not force, direct or require the Company and related personnel to provide guarantee illegally;

(6) not profit from the Company's non-disclosed material information, not in any form divulge any non-disclosed material information relating to the Company, and not engage in insider trading, short-term trading, market manipulation or other illegal business;

(7) not harm the Company or other shareholder's legitimate rights and benefits through unfair connected transaction, profit distribution, assets reorganization, external investment among others;

(8) ensure the assets integrity, staff independence, financial independence, institutional independence and business independence of the Company, and shall not influence the independence of the Company in any form;

(9) otherwise required by the laws, administrative regulations, the CSRC rules, the stock exchange rules and the Articles of Association.

The controlling shareholder or beneficial owner of the Company who does not act as director but does actually perform company duties shall perform the obligation of loyalty and the obligation of diligence as director provided under the Articles of Association.

The controlling shareholder or beneficial owner of the Company who has instructed a director or senior management to harm the Company or other shareholder's interests shall be jointly and severally liable with such director or senior management.

The controlling shareholder or beneficial owner who pledges the Company shares it holds or controls shall maintain the stability of Company control and operation.

The controlling shareholder or beneficial owner who transfers the Company shares it holds shall comply with its commitments to restricted shares transfer and the restrictive provisions for share transfer under the laws, administrative regulations, the CSRC rules and the stock exchange rules.

General Provisions for General Meeting

The general meeting is composed of all shareholders. The general meeting as the authority of the Company has the power to:

(1) elect and replace a director who is not representative of employees, and determine the director's remuneration;

(2) consider and approve the Board's report;

(3) consider and approve the Company's profit distribution plan and loss makeup plan;

(4) resolve on the Company's increase or decrease of registered capital;

(5) resolve on the issuance of Company bonds;

(6) resolve on the merger, spin-off, dissolution, liquidation or change of nature of the Company;

(7) modify the Articles of Association of the Company;

(8) resolve on the engagement, disengagement of the CPA firm;

(9) consider and approve the financial subsidy issue under Section 22 of the Articles of Association;

(10) consider and approve the guarantee issue under Section 52;

(11) consider and approve the connected transaction issue under Section 53;

(12) consider and approve the transaction issue under Section 54;

(13) consider the issue that the Company's purchase or sale of material assets within one year exceeds 30% of its latest audited total assets;

(14) consider any transaction between the Company and the connected party in the value of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets (except the Company provides guarantee);

(15) consider and approve the change of fundraising purpose;

(16) consider and approve the equity incentive plan and employee shareholding plan;

(17) consider and approve the repurchase of Company's shares by the Company under the situation provided under Item 1 and 2 of Clause 1 in Section 25;

(18) authorize the Board of Directors to determine the issuance of shares to specific investors, with total financing not exceeding RMB300 million and not more than 20% of the net assets at the end of the most recent fiscal year. This authorization shall expire on the date of the next annual general meeting of shareholders.;

(19) consider and approve other issues to be decided by general meeting under the laws, administrative regulations, departmental rules, local listing rules or the Articles of Association.

The general meeting may authorize the Board of Directors to resolve on the issuance of Company bonds.

General meeting shall include annual general meeting and extraordinary general meeting.

The Company shall hold extraordinary general meeting within 2 months in any of the following events:

(1) the number of directors falls short of 2/3 of the quorum under the Articles of Association;

(2) the uncompensated loss amounts to 1/3 of the Company's paid-in capital;

(3) the shareholder holding more than 10% shares of the Company singly or in aggregate requires;

(4) the Board believes it's necessary;

(5) the Audit Committee proposes a holding of meeting;

(6) otherwise under the laws, administrative regulations, departmental rules, local listing rules or the Articles of Association.

The general meeting will be held on site. Otherwise, it may be held online by telecommunication at the same time. The Company will offer shareholders the access to online voting, so the shareholders can take part in general meeting more conveniently.

Call for General Meeting

The Board of Directors shall timely call a general meeting within specific time.

With consent of a majority of independent directors, the independent directors may propose an extraordinary general meeting to the Board. In face of such proposal, the Board shall give a reply in writing within 10 days, saying yes or no, under the laws, administrative regulations, local listing rules and the Articles of Association.

Saying yes, the Board shall issue a notice of general meeting within 5 days from the resolution of Board; saying no, the Board shall issue a statement to specify the reason.

The Audit Committee may propose in writing an extraordinary general meeting to the Board. In face of such proposal, the Board shall give a reply in writing within 10 days, saying yes or no, under the laws, administrative regulations, local listing rules and the Articles of Association.

Saying yes, the Board shall issue a notice of general meeting within 5 days from the resolution of Board. Any difference from original proposal shall be with the consent of Audit Committee.

Saying no or failing to reply within 10 days from proposal shall be deemed as the Board's inability to perform or failure to perform its duties to call a general meeting, then the Audit Committee may call and chair a general meeting on its own.

The shareholder holding more than 10% shares of the Company (excluding treasury stock) singly or in aggregate may request in writing an extraordinary general meeting to the Board. In face of such request, the Board shall give a reply in writing within 10 days, saying yes or no, under the laws, administrative regulations and the Articles of Association.

Saying yes, the Board shall issue a notice of general meeting within 5 days from the resolution of Board. Any difference from original request shall be with the consent of relevant shareholders.

The Board saying no or failing to reply within 10 days from request, the shareholder holding more than 10% shares of the Company (excluding treasury stock)singly or in aggregate may request in writing an extraordinary general meeting to the Audit Committee.

Saying yes, the Audit Committee shall issue a notice of general meeting within 5 days from the request. Any difference from original request shall be with the consent of relevant shareholders.

Audit Committee failing to issue a notice of general meeting within specific time shall be deemed as its failure to call or chair a general meeting, then the shareholder holding more than 10% shares of the Company (excluding treasury stock) singly or in aggregate for over 90 consecutive days may call and chair a general meeting on its own.

If the Audit Committee or the shareholder decides to call a general meeting on its own, it shall send a notice in writing to the Board, while filing to local authorities of CSRC and the stock exchanges where the Company's shares are listed.

After the notice of such general meeting is issued and before the resolution of the general meeting is disclosed in public, the shareholding of shareholders calling general meeting shall not be lower than 10% (excluding treasury stock).

When issuing the notice of general meeting or disclosing the resolution, the Audit Committee or the calling shareholders shall submit relevant certificates to local authorities of CSRC and the stock exchanges where the Company's shares are listed.

For a general meeting called by the Audit Committee or shareholders on its/their own, the Board and its secretary shall cooperate. The Board shall offer the shares register at the date of share registration.

The Company shall bear all the costs required for a general meeting called by the Audit Committee or shareholders on its/their own.

Proposal and Notice of General Meeting

When the Company intends to hold a general meeting, the Board, the Audit Committee and the shareholder holding more than 1% shares of the Company (excluding treasury stock) singly or in aggregate may propose to the Company. The shareholder holding more than 1% shares of the Company (excluding treasury stock) singly or in aggregate may propose temporarily to the caller of meeting 10 days prior to the holding of general meeting. The caller shall issue an additional notice of general meeting within 2 days from proposal, announcing the content of such temporary proposal, and submit the proposal to general meeting for review, except such proposal breaks the laws, administrative regulations, local listing rules or the Articles of Association or falls out of the scope of duties of the general meeting. Otherwise, after the caller issues the notice of general meeting, the proposal specified in the notice shall not be modified nor shall new proposal be added. Any proposal not specified in the notice or not meeting the requirement of Articles of Association shall not be subject to voting or resolution.

The caller shall send a notice by announcing to all shareholders 20 days prior to the holding of annual general meeting, or 15 days prior to the holding of extraordinary general meeting.

A notice of general meeting shall include:

(1) time, date, place, formalities and period of meeting;

(2) matters and proposals to be submitted to the meeting;

(3) explicit wording: every shareholders may attend the general meeting, and appoint its proxy in writing for presence and voting, and such proxy is not necessarily a shareholder of the Company;

(4) the date of shares registration for the shareholders who may attend the general meeting;

(5) contact person's name and telephone number;

(6) time and process of online voting or otherwise.

After notice is issued, the meeting shall not be delayed or canceled without a justifiable reason, and the proposals specified in the notice shall not be canceled. To make such change, the caller shall issue a notice specifying the reason 2 business days before the meeting.

Holding of General Meeting

All shareholders named in the shares register on the date of shares registration or their proxies may attend the general meeting, and exercise their voting rights under the laws, administrative regulations, departmental rules, local listing rules and the Articles of Association (unless certain shareholders shall abstain on certain issues according to the Listing Rules and other listing rules). A shareholder may attend, give speech and vote by person or by proxy at the general meeting.

If the general meeting requires directors and senior management to be present, then directors and senior management shall be present and take inquiries from shareholders.

The general meeting is chaired by the chairman of Board. When the chairman is unable or fails to perform its duties, then a majority of directors shall jointly elect a director to chair the general meeting. If the Audit Committee calls a general meeting on its own, then the caller shall chair the general meeting. When the caller is unable or fails to perform its duties, a majority of members of the Audit Committee shall jointly elect a member of the Audit Committee to chair the general meeting. The general meeting called by a shareholder on its own shall be chaired by the caller or its proxy. When holding a general meeting, if the chair of meeting breaks the proceeding rules and makes the general meeting unable to continue, then with consent of present shareholders representing a majority of voting rights, the general meeting may elect one person to chair the meeting and continue the meeting.

The Company develops the proceeding rules of general meeting, to specify the call and voting process of general meeting, including notice, registration, consideration of motion, voting, count of votes, declaration of voting results, formation of resolution, meeting minutes and its signing and announcement, as well as the principles how the Board is authorized, with details of authorization. The proceeding rules of general meeting shall serve as attachment to the Articles of Association, as contemplated by the Board and approved by the general meeting.

Voting and Resolution of General Meeting

Resolutions at general meeting include ordinary resolution and special resolution. To make an ordinary resolution at general meeting, a simple majority of voting rights represented by the shareholders present at general meeting shall vote for relevant motion. To make a special resolution, at least 2/3 voting rights represented by the shareholders present at general meeting shall vote for relevant motion.

Ordinary resolution may concern:

(1) Board's work report;

(2) Board's profit distribution plan, adjustment to profit distribution plan and loss compensation plan;

(3) Board member's appointment, dismissal, remuneration and payment;

(4) other matters of ordinary resolution under the laws, administrative regulations, local listing rules or the Articles of Association.

Special resolution may concern:

(1) increase or decrease of registered capital;

(2) corporate division, spin-off, merger, dissolution and liquidation of the Company;

(3) modification of the Articles of Association;

(4) purchase or sale of material assets or provision of guarantee for others within one year in the aggregate amount exceeding 30% of the Company's latest audited total assets;

(5) equity incentive scheme;

(6) adjustment to or change of cash dividend policy;

(7) repurchase of shares under Item 1 and 2 of Clause 1 in Section 25;

(8) other matters to be solved in special resolution under the laws, regulations, local listing rules, the Articles of Association, or considered by ordinary resolution of general meeting to have material influence on the Company, which should be solved in special resolution of general meeting.

A shareholder may exercise its voting rights according to the number of voting shares it represents, one vote for one share.

When the general meeting is considering a material issue that may influence the interests of minority shareholders, the votes should be counted separately for minority shareholders. The results of separate voting should be disclosed in public in time.

The Company shares held by the Company have no voting rights, and these shares are not included in the total number of voting shares present at general meeting.

If a shareholder buys in voting shares in breach of Section 63.1 to 63.2 of Securities Law of the PRC, then the shareholder shall not exercise the voting rights represented by such shares within 36 months from buy-in, and such shares are not included in the total number of voting shares present at general meeting.

The Board, independent directors, the shareholder holding more than 1% voting shares (excluding treasury shares) or the investor protection organization established under the laws, administrative regulations, local listing rules or the CSRC rules may openly collect voting rights from shareholders. The collection of voting rights shall fully disclose the intent of voting to target shareholders. Paid collection or disguised form of paid collection is prohibited. the Company shall not pose minimum shareholding limit for the collection.

When general meeting is considering a connected transaction, connected shareholders shall not vote, and the number of voting shares represented by them shall not be included in the effective total votes; the announcement of general meeting resolution shall fully disclose the voting of non-connected shareholders. Connected shareholders shall actively apply for evasion.

To elect more than 2 directors, the general meeting shall adopt the cumulative voting mechanism. In addition, the general meeting shall vote on all motions one by one, and for different motions on the same matter, shall vote in time sequence. The general meeting will not suspend or withhold the voting on a motion, except the general meeting is suspended or unable to resolve in force majeure or other special reasons.

In considering a motion, the general meeting will not modify the motion. A modified motion shall be deemed as a new motion, and shall not submitted to the same general meeting for voting. One vote may be cast either on site or on line, or otherwise as alternative. If a vote is cast repeatedly, then the first cast shall prevail.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions for Directors

A director who is not employee representatives as elected or replaced by general meeting may be dismissed by general meeting before expiry of tenure. A director may take office for a tenure of not more than 3 years, and may be reelected as director upon expiration.

A director's tenure starts from the date it takes office to the expiration of current Board. If a director expires but there is not a reelection in time, then before a new director takes office, the former director shall continue its duties as director under the laws, administrative regulations, departmental rules, local listing rules and the Articles of Association.

A director may also be senior management of the Company, but the number of directors acting as senior management and employee representatives shall not be more than 1/2 of entire directors of the Company.

A director shall comply with the laws, administrative regulations, local listing rules and the Articles of Association, with obligation of royalty to the Company, and shall take measures to evade interest conflict with the Company, without profiteering from its powers.

A director with the obligation of loyalty to the Company shall:

(1) not embezzle company property or misappropriate company funds;

(2) not use one's position to accept bribes or other illegal income;

(3) safeguard the security and integrity of company assets, and shall not misappropriate company funds;

(4) not open accounts in one's own name or in the name of any other individual to deposit company funds;

(5) not, in violation of the provisions of the Articles of Association, lend company funds to others or provide guarantees using company property for others without the approval of the shareholders' meeting or the Board of Directors;

(6) not take advantage of one's position to harm the interests of the Company for the benefit of the Company's actual controller, shareholders, employees, oneself, or any other third party;

(7) not, without reporting to the Board of Directors or the shareholders' meeting and obtaining a resolution from the Board of Directors or the shareholders' meeting in accordance with the provisions of the Articles of Association, directly or indirectly enter into contracts or conduct transactions with the Company;

(8) not take advantage of one's position to seize business opportunities that rightfully belong to the Company for oneself or others, except in the following circumstances: 1. Reporting to the Board of Directors or the shareholders' meeting and obtaining approval from the shareholders' meeting; 2. The company is unable to utilize the business opportunity according to laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed, or the provisions of the Articles of Association;

(9) not, without reporting to the Board of Directors or the shareholders' meeting and obtaining approval from the shareholders' meeting, operate for oneself or for others a business of the same type as the Company's business;

(10) not accept commissions from others in transactions with the Company for personal gain;

(11) not disclose company secrets without authorization;

(12) not use one's affiliations to harm the interests of the Company;

(13) Other duties of loyalty stipulated by laws, administrative regulations, departmental rules, local listing rules and the Articles of Association.

A director's income breaking this provision shall be owned by the Company; if such breach has caused loss to the Company, said director shall be liable for compensation.

A director shall comply with the laws, administrative regulations, local listing rules and the Articles of Association, with the obligation of loyalty to the Company, and shall take reasonable care of the best interests of the Company on duty.

A director with the obligation of diligence to the Company shall:

(1) Ensure sufficient time and energy to participate in company affairs, continuously monitor events that may significantly impact the Company's production and operations, timely report issues in the Company's operational activities to the board of directors, and not evade responsibility on the grounds of not being directly involved in management or lack of awareness;

(2) In principle, attend board meetings in person and exercise prudent judgment regarding the potential risks and benefits of matters under deliberation. If unable to attend a board meeting in person due to legitimate reasons, exercise caution in selecting a proxy;

(3) Actively promote the standardized operation of the Company, supervise the Company in fulfilling information disclosure obligations in a truthful, accurate, complete, fair, and timely manner, and promptly rectify and report any illegal or non-compliant activities of the Company;

(4) Upon learning of situations where the Company's shareholders, actual controllers, or their affiliates misappropriate company assets, abuse control rights, or otherwise harm the interests of the Company or other shareholders, promptly report to the Board of Directors and supervise the Company in fulfilling its information disclosure obligations;

(5) Strictly fulfill all commitments made;

(6) Sign written confirmation opinions for the Company's securities issuance documents and periodic reports, ensuring that the information disclosed by the Company is truthful, accurate, and complete. If unable to guarantee the truthfulness, accuracy, or completeness of the contents of securities issuance documents or periodic reports, or if having objections, clearly state the opinion and provide reasons in the written confirmation opinion. The Company shall disclose such opinions. If the Company refuses to disclose them, the director may directly apply for disclosure;

(7) Exercise the rights granted by the Company with prudence, diligence, and care to ensure that the Company's business conduct complies with national laws, administrative regulations, and economic policies, and that its business activities do not exceed the scope specified in the business license;

(8) Treat all shareholders fairly;

(9) Stay informed about the Company's business operations and management status in a timely manner;

(10) truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the Audit Committee from exercising its authority;

(11) Other duties of diligence stipulated by laws, administrative regulations, departmental rules, the CSRC, the stock exchanges, and the Articles of Association.

If a director fails to attend by person for two consecutive times, without appointing another director to attend the Board meeting by proxy, then such failure shall be deemed as inability to perform duties, and the Board shall recommend replacing such director to the general meeting.

A director may resign before expiry of tenure, by submitting a report of resignation in writing to the Company. The resignation is effective on the day the report is received by the Company, and the Company will disclose related information within 2 business days.

Upon resignation or expiry of tenure, a director shall hand over to the Board, and its obligations of royalty to the Company and shareholders will survive within 2 years from such expiration. A director's liabilities incurred on duty during its tenure shall not be relieved or terminated by its leaving the Company.

If a director on duty causes damage to others, the Company shall be liable for compensation; a director who is willful or with gross negligence shall also be liable for compensation.

Board of Directors

The Company sets up the Board of Directors, composed of 7 to 13 directors, including 1 employee director, independent directors not less than one third of the total number of directors and 1 Chairman. Chairman are elected by voting from a majority of directors at the Board meeting.

The Board may:

(1) Convene shareholder meetings and report work to shareholder meetings;

(2) Implement resolutions of shareholder meetings;

(3) Review the Company's periodic reports;

(4) Determine the Company's business plans and investment proposals;

(5) Formulate the Company's shareholder return planning, profit distribution policies, and their adjustment plans;

(6) Develop the Company's profit distribution plans and loss recovery plans;

(7) Formulate plans for increasing or decreasing the Company's registered capital, issuing bonds or other securities, and listing;

(8) Draft plans for the Company's major acquisitions, the repurchase of the Company's shares, or for mergers, divisions, dissolution, or changes in the Company's form;

(9) Within the scope authorized by shareholder meetings, decide on matters such as the Company's external investments, acquisition or sale of assets, asset mortgages, external guarantees, entrusted wealth management, connected transaction, and external donations;

(10) Determine the establishment of the Company's internal management structure;

(11) Appoint or dismiss the Company's president and board secretary; based on the nomination of the president, appoint or dismiss senior executives such as vice presidents and the chief financial officer, and determine their remuneration, rewards, and penalties;

(12) Formulate the Company's basic management systems;

(13) Draft amendments to the Articles of Association;

(14) Manage matters related to the Company's information disclosure;

(15) Propose to shareholder meetings the appointment or replacement of accounting firms auditing the Company;

(16) Listen to work reports from the president and oversee the president's work;

(17) Decide on the repurchase of the Company's shares under the circumstances specified in Items (3), (5), and (6) of Clause 1 in Article 25 of the Articles of Association;

(18) Discuss and evaluate whether the corporate governance mechanism provides appropriate protection and equal rights to all shareholders, and whether the corporate governance structure is reasonable and effective;

(19) Other powers granted by laws, administrative regulations, departmental rules, the Articles of Association, or other internal systems of the Company adopted by shareholder meetings.

Any matter beyond the authorization granted by the general meeting shall be submitted to the general meeting consideration.

When the Board is considering a guarantee issue, a resolution is effective only with consent of more than 2/3 directors present at the meeting.

Chairman may:

(1) chair a general meeting, call and chair a Board meeting;

(2) urge and inspect the performance of Board resolution;

(3) sign important Board documents and other documents to be signed by the Chairman;

(4) exercise authority as the legal representative;

(5) others authority authorized by the Board.

When the chairman is unable or fails to perform its duties, a majority of directors shall elect one director from them to perform the duties.

The Board will hold at least 4 meetings per year, to be called by chairman with a 14-day prior notice in writing to entire directors.

The quorum of Board meeting is a majority of directors. A Board resolution is effective only when a majority of directors vote for it. To vote at Board meeting, one director may only cast one vote.

A director shall attend the Board meeting by person; if a director fails to attend for a justifiable reason, it may appoint another director as its proxy to attend, while the letter of appointment shall specify the proxy's name, proxy matter, scope of authority and effective period, with the proxy's signature or seal. The proxy director shall exercise director's rights within the authority. A director's failure to attend a Board meeting by person or by proxy shall be deemed as its waiver of voting rights at the meeting.

Independent Directors

An independent director may specially:

(1) engage an intermediary to audit, advise or verify the Company's specific affairs independently;

(2) propose extraordinary general meeting to the Board;

(3) propose Board meeting;

(4) lawfully collect voting rights from shareholders openly;

(5) give independent opinions on the event that may damage the rights and benefits of the Company or minority shareholders;

(6) others under the laws, administrative regulations, departmental rules, local listing rules and the Articles of Association.

An independent director to exercise its powers (1) to (3) above shall obtain the consent from a majority of independent directors.

Committees under the Board

The Board sets up the Audit Committee, to exercise the duties of supervisors under the PRC Company Law.

Audit Committee has 3 members, being non-executive directors not acting as senior management of the Company, in which a majority of members shall be independent directors, and the caller shall be an independent director who is a professional of accounting.

Audit Committee shall review the Company's financial information and disclosure, supervise and evaluate internal/external audit and internal control. With consent from a majority of members of Audit Committee, the following matters shall be submitted to the Board for consideration:

(1) disclosure of financial information and internal control appraisal reports contained in the financial/accounting reports and periodical reports;

(2) engagement or dismissal of accounting firm as auditors of the listed company;

(3) engagement or dismissal of chief financial officer of the listed company;

(4) change of accounting policies, accounting estimates or correction of significant accounting errors for other reason than change of accounting standards;

(5) others under the laws, administrative regulations, the CSRC rules, local listing rules and the Articles of Association.

The Board sets up Strategy and ESG, Nomination and Remuneration & Examination professional committees.

In Nomination Committee and in Remuneration & Examination Committee, a majority of members shall be independent directors, and the caller shall be an independent director.

Nomination Committee shall contemplate the directors/senior managements selection standards and procedures, review the candidates and their eligibility, and give advice to the Board concerning:

(1) nomination or appointment or dismissal of directors;

(2) engagement or dismissal of senior managements;

(3) others under the laws, administrative regulations, the CSRC rules, local listing rules and the Articles of Association.

Remuneration & Examination Committee shall develop the directors/senior managements' examination standards and examine them, develop and screen directors/senior managements' remuneration determining mechanism, decision-making process, payment and recourse arrangement and other remuneration policies and schemes, and give advice to the Board concerning:

(1) remuneration of directors or senior managements;

(2) development or change of equity incentive scheme, employee shareholding scheme, benefits of incentives, and conditions for exercise of rights;

(3) director or senior management's shareholding scheme in the subsidiary to be spun-off;

(4) others under the laws, administrative regulations, the CSRC rules, local listing rules and the Articles of Association.

Strategy and ESG Committee shall research and recommend on the Company's long term development strategy and material investment decision. Strategy and ESG Committee shall mainly: conduct research on the Company's long-term development strategy and major investment decisions, and provide recommendations; review the Company's sustainability, ESG related strategic planning, and guide the implementation of related Company initiatives; monitor ESG-related risks and opportunities that have a significant impact on the Company's business, and offer corresponding suggestions; review the Company's annual ESG report.

Executives

The Company has 1 president, to be engaged or dismissed by the Board. The Company has vice president, to be engaged or dismissed by the Board.

The director's obligations of loyalty and diligence under the Articles of Association are also applicable to senior management.

President reports to Board, and may:

(1) chair the Company's operation and management, organize and implement Board resolution, and report to the Board;

(2) organize and implement the Company's annual operating and investment plans;

(3) contemplate the Company's internal management setup plan and staff allocation plan;

(4) contemplate the Company's fundamental management system;

(5) determine the Company's specific rules;

(6) propose engagement or dismissal of deputy vice president or chief financial officer to the Board;

(7) decide to engage or dismiss responsible managers other than those to be engaged or dismissed by the Board;

(8) other powers vested by the Articles of Association or the Board.

Vice president shall be responsible and reports to the president, and perform its duties within the authorization by the president.

The Company has a board secretary to prepare for general meeting and Board meeting, keep documents, manage shareholders' information of the Company, and cope with information disclosure etc. Board secretary shall comply with the laws, administrative regulations, departmental rules, local listing rules and the Articles of Association.

FINANCIAL AND ACCOUNTING POLICIES, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Policies

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations, local listing rules and requirements of competent authorities of the State.

Within 4 months of the end of each accounting year, the Company shall submit and disclose its annual report to the branch of the CSRC and the stock exchange where its shares are listed. Within 2 months of the end of the first half of each accounting year, the Company shall submit and disclose its interim report to the branch of the CSRC and the stock exchange where its shares are listed. The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, the CSRC, and the requirements of the stock exchange where the Company's shares are listed.

The Company shall not establish separate accounting books other than the statutory accounting books. The Company funds shall not be deposited in any accounts opened in the name of an individual.

When distributing profits after taxation of the year, the Company shall set aside 10% of its profits for the Company's statutory reserve until the fund has reached 50% or more of the Company's registered capital.

If the Company's statutory common reserve is insufficient to make up losses for previous years, the Company shall use its profits for the current year to make up such losses before making the allocation to its statutory common reserve in accordance with the preceding paragraph. After making the allocation from its after-tax profits to its statutory common reserve, the Company may, subject to a resolution of the Shareholders' general meeting, make an allocation from its after-tax profits to the discretionary common reserve. After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits of the Company shall be distributed in proportion to the shareholdings of its shareholders, except for otherwise provided by the Articles of Association.

If the Shareholders' general meeting breaches the PRC Company Law by distributing profits to shareholders, the shareholders shall return to the Company the profits that were distributed in breach of the said provisions. Shareholders, responsible directors and senior managements who have caused losses to the Company shall be liable for compensation. No profit shall be distributed in respect of the shares in the Company held by itself.

The reserve of the Company shall be applied to make up for the Company's losses, expanding its business operations or increasing its capital. When the reserve is used to make up the Company's losses, the discretionary reserve and statutory reserve shall be first used; if the losses can still not be covered, the capital reserve may be used according to provisions. When converting the statutory reserve fund into registered capital, the balance of such reserve fund shall not be less than 25% of the registered capital of the Company before the conversion.

The Company shall adopt a continuous and steady profit distribution policy. The Company's profit distribution shall focus on providing investors with reasonable investment return as well as maintaining the sustainable development of the Company.

The Company may distribute dividends in cash, in shares or in a combination of both cash and shares. If permitted by the relevant laws, regulations, and the Articles of Association, the Company shall distribute no less than 20% of the distributable profits realized each year in cash. When the Company implements cash dividends, the following conditions must be simultaneously met: (1) the distributable profit achieved by the Company in the current year (i.e., the after-tax profit remaining after the Company has made up for losses and set aside provisions) is positive, and the cash flow is sufficient, such that the implementation of cash dividends will not affect the Company's subsequent sustainable operations; (2) The auditing institution has issued an audit report with an unqualified opinion on the Company's financial statements for the current year. The Company shall not distribute cash dividends under any of the following circumstances: (1) The Company's undistributed profits are negative; (2) The Company's year-end asset-liability ratio exceeds 75%.

If the shareholders of the Company illegally occupy the Company's funds, the Company shall deduct the distribution of cash profits from the shareholders in order to repay the amount of occupied funds.

Internal Audit

The Company maintains an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work. The Company's internal audit system shall be implemented upon approval by the Board and publicly disclosed. The internal audit department shall conduct oversight and inspections of the Company's affairs such as business activities, risk management, internal controls and financial information.

Appointment of Accounting Firm

The Company shall appoint an accounting firm meeting the requirements of the securities regulatory rules of the place where the shares of the Company are listed to audit the financial statements and verify the net assets of, and provide other counseling services to, the Company. The accounting firm shall have a term of office of one 1 year and may serve consecutive terms upon reappointment by the Company. The engagement and dismissal of an accounting firm by the Company shall be decided by the Shareholders' general meeting. The Board shall not appoint an accounting firm before the shareholders' meeting makes a decision. The Company guarantees to the accounting firm appointed, to supply true and complete accounting proof, accounting books, financial accounting report and other accounting information. It cannot refuse to provide or hide information, or provide false information.

The auditing fee of the accounting firm shall be determined by the Shareholders' general meeting. In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

Where the accounting firm proposes to resign, it shall explain to the Shareholders' general meeting whether there has been any impropriety on the part of the Company.

Notices and Announcements

Notices of the Company shall be sent via the following methods:

(1) by hand;

(2) by email;

(3) by announcement;

(4) other forms as stipulated in the Articles of Association.

Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the relevant notice.

The notice for the Shareholders' general meeting of the Company shall be issued by way of announcement. The notice for a meeting of the Board shall be delivered by personal delivery, fax, email, or other notification methods.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

In the event of a merger of the Company, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within a period of 10 days from the date of the resolution approving the merger and publish an announcement of the same within 30 days from that date through CSRC designated media or the National Enterprise Credit Information Publicity System. The creditors may request the Company to settle debts or provide guarantees in respect thereof within 30 days of the receipt of the above notice or within 45 days after the announcement is published if such notice is not received.

In the event of a division, the Company's assets shall be divided accordingly. In the event of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within a period of 10 days from the date of the resolution approving the division and publish an announcement of the same within 30 days from that date through designated media or the National Enterprise Credit Information Publicity System. Debts prior to the division shall be jointly and separately borne by the companies after such division, unless otherwise agreed in writing by the Company and creditors on debt settlement prior to such division.

In the case of a reduction of its registered capital, the Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of registered capital, and publish an announcement of the same within 30 days from that date through designated media or the National Enterprise Credit Information Publicity System. The creditors may request the Company to settle debts or provide guarantees in respect thereof within 30 days of the receipt of the above notice or within 45 days after the announcement is published if such notice is not received. Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced correspondingly in proportion to the shares held by its shareholders, unless otherwise provided by law or the Articles of Association.

When the Company issues new shares for the purpose of increasing its registered capital, shareholders shall not be entitled to pre-emptive subscription rights, unless otherwise provided for in the Articles of Association, or unless the resolution of the Shareholders' general meeting determines that shareholders shall be entitled to pre-emptive subscription rights.

Dissolution and Liquidation

The Company dissolves under the following circumstances:

(1) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred;

(2) the Shareholders' general meeting resolves to dissolve the Company;

(3) dissolution is necessary due to a merger or division of the Company;

(4) the business license is revoked, or the business is ordered to close down or is revoked by law;

(5) where the Company encounters serious difficulties in its operation and management and its continuance shall cause a significant loss to the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold 10% or more of the voting rights of the Company may present a petition to the People's Court for dissolution of the Company.

Should the Company encounter any of the dissolution causes specified in the aforementioned provisions, it shall publicize the cause(s) for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is dissolved as a result of the provisions of items (1), (2), (4) and (5) above, it shall be liquidated. The Directors shall be the obligors of liquidation of the Company and shall form a liquidation committee to carry out liquidation within 15 days from the date on which the cause of dissolution arises. The liquidation committee shall consist of the Directors, unless it is otherwise required by the Articles of Association or the Shareholders' general meeting resolves to elect another person.

The liquidation committee shall exercise the following duties and powers during the liquidation period:

(1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;

(2) to notify the creditors and publish announcements;

(3) to deal with and settle the outstanding business of the Company in relation to liquidation;

(4) to pay all outstanding taxes and taxes arising in the course of liquidation;

(5) to settle claims and debts;

(6) to allot the remaining assets of the Company after its debts have been paid off;

(7) to participation in civil lawsuits on behalf of the Company.

The liquidation committee shall notify creditors within 10 days after its establishment and shall publish an announcement of the same within 60 days through designated media or the National Enterprise Credit Information Publicity System. A creditor shall lodge his/her claim with the liquidation committee within 30 days of the receipt of the above notice or within 45 days after the announcement is published if such notice is not received. When declaring their claims, the creditors shall explain the matters related to their claims and provide supporting materials. The liquidation committee shall register the creditor's claims. During the period of declaration of claims, the liquidation committee shall not settle any debts to creditors.

Upon liquidation of the Company's property and the preparation of the balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit it to the Shareholders' general meeting or the People's Court for verification. The remaining assets of the Company after payment of liquidation expenses, wages, social insurance expenses and statutory compensation of employees, outstanding taxes and the Company's debts shall be distributed to shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist but shall not carry out any business activities unrelated to the liquidation. The assets of the Company shall not be distributed to the shareholders before the settlements are made in accordance with the preceding rules.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report to be submitted to the Shareholders' general meeting or the People's Court for confirmation. The liquidation committee shall also file with the registration authority to apply for the deregistration of the Company.

The members of the liquidation committee shall fulfill the liquidation duties and have obligations of loyalty and diligence. Where the member of the liquidation committee neglect to perform the liquidation duties and causes any loss to the Company, he/she shall be liable to make compensation; where any members of the liquidation committee cause any loss to any creditor with intention or due to gross negligence, he/she shall be liable to make compensation.

Amendment to the Articles of Association

The Company shall amend the Articles of Association in any of the following circumstances:

(1) there is discrepancy between the provisions of the Articles of Association and the revised laws, administrative regulations or local listing rules, following amendments to provisions of the PRC Company Law, or relevant laws, administrative regulations, or the local listing rules;

(2) the conditions of the Company have changed, and such change is not covered in the Articles of Association;

(3) the Shareholders' general meeting has resolved to amend the Articles of Association.

The amendments to the Articles of Association adopted by a resolution of the Shareholders' general meeting shall be submitted to competent authorities for approval if so required. For any change in business registration, application shall be made for such change according to laws.

The Board shall amend the Articles of Association in accordance with the resolution on the amendments passed at the Shareholders' general meeting and the opinions of the competent authorities. The amendments to the Articles of Association, if required to be disclosed under laws, regulations and the local listing rules, shall be announced in accordance therewith.

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on June 1, 2007, and was converted into a joint stock company with limited liability on March 24, 2014. The Company has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 27, 2026, and have established a place of business in Hong Kong at 46/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Ms.Wong Mei Fung Carrie has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of our Articles of Association and relevant aspects of PRC law is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of Articles of Association" in Appendices IV, V and VI to this document.

Changes in the Share Capital of Our Company

The following sets out the changes in our Company's share capital within the two years immediately preceding the issue of this document:

(i) On December 16, 2024, our Company's registered capital increased from RMB424,830,224 to RMB476,972,412 upon the conversion of certain 2021 Convertible Bonds.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this document:

On November 12, 2024, the registered share capital of Topstar Intelligent System increased from RMB10,000,000 to RMB12,500,000.

On April 11, 2025, the registered share capital of Topstar Mexico Technology (a wholly-owned subsidiary of our Company incorporated in Mexico) increased from USD50,000 to USD3,450,433.

On June 30, 2025, the registered share capital of Topstar Intelligent Environment (Jiangsu) decreased from RMB100,000,000 to RMB42,140,000.

On March 19, 2026, the registered share capital of Topstar Tech Pte. Ltd. increased from USD500,000 to USD2,500,000.

On March 23, 2026, the registered share capital of Dongguan Topstar Technology Co., Ltd. (東莞拓斯達技術有限公司) decreased from RMB570,000,000 to RMB520,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

Resolutions of Our Shareholders

On January 15, 2026, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) the Articles was approved and adopted with effect from the [**REDACTED**];

(b) the [**REDACTED**] (including the [**REDACTED**], [**REDACTED**] and [**REDACTED**]) and the [**REDACTED**] were approved and our Directors were authorized to allot and [**REDACTED**] the [**REDACTED**] pursuant to the [**REDACTED**]; and

(c) the number of H Shares to be [**REDACTED**] shall be up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially [**REDACTED**] pursuant to the [**REDACTED**];

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being a contract entered into in the ordinary course of the business carried on or intended to be carried on by our Company) [was entered] into by any member of our Group within the two years preceding the date of this document and is or may be material:

(a) the [**REDACTED**].

Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1	拓斯达	11	Our Company	PRC	5870843	February 6, 2030
2	拓斯达	7	Our Company	PRC	9761714	September 6, 2033
3	TOPSTAR 拓斯达	7	Our Company	PRC	10296748	May 13, 2033
4	拓斯达	11	Our Company	PRC	36033531	September 6, 2029
5	TOPSTAR	7	Our Company	PRC	56150121	July 6, 2032
6	TOPSTAR	7	Our Company	PRC	57063868	August 13, 2033
7	TOPSTAR	7	Our Company	PRC	58755091	August 13, 2032
8	TOPSTAR	7	Our Company	PRC	59433744	July 6, 2032
9	TOPSTAR	7	Our Company	PRC	60155964	July 6, 2032
10	拓斯达	7	Our Company	PRC	60496532	July 6, 2033

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
11 . .	拓斯达	7	Our Company	PRC	62221340	July 6, 2033
12 . .	拓斯达	7	Our Company	PRC	63429720	June 13, 2033
13 . .	TOPSTAR 拓斯达	7, 11	Our Company	Hong Kong	307099840	November 20, 2035
14 . .	TOPSTAR	7, 11	Our Company	Hong Kong	307099859	November 20, 2035

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
1 . .	TOPSTAR	7	Our Company	PRC	61020169	November 30, 2021

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
1 . .	A computer-readable storage medium and a robot using the same (一種計算機可讀存儲介質和應用該介質的機器人)	Invention	Our Company	PRC	201710854767.4	September 20, 2017
2 . .	A multi-axis manipulator (一種多軸機械手)	Invention	Our Company	PRC	201610224480.9	April 12, 2016
3 . .	Robot hand–eye calibration method and system (機器人手眼標定方法和系統)	Invention	Our Company	PRC	201810442460.8	May 10, 2018
4 . .	Spherical housing defect detection method, apparatus and computer-readable storage medium (球形外殼缺陷檢測方法、裝置及計算機可讀存儲介質)	Invention	Our Company	PRC	201810626398.8	June 13, 2018
5 . .	Object picking method, apparatus, computer device and storage medium for a robot (機器人的物品拿取方法、裝置、計算機設備及存儲介質)	Invention	Our Company	PRC	201811471330.3	December 4, 2018
6 . .	Motion trajectory planning method, apparatus, device and storage medium (運動軌跡規劃方法、裝置、設備和存儲介質)	Invention	Our Company	PRC	202110986578.9	August 26, 2021

No.	Patent	Patent type	Patentee	Place of registration	Patent number	Registration date
7 . .	Control method for an injection molding machine, injection molding machine and readable storage medium (注塑機的控制方法、注塑機以及可讀存儲介質)	Invention	Our Company	PRC	202111281056.5	October 29, 2021
8 . .	A servo system parameter management method, apparatus, device and storage medium (一種伺服系統參數管理方法、裝置、設備及存儲介質)	Invention	Our Company	PRC	202110287111.5	March 17, 2021
9 . .	A high-speed operating robot (一種高速運轉的機器人)	Invention	Our Company	PRC	201710849499.7	September 20, 2017
10 . .	A heat dissipation device and heat sink (一種散熱裝置及散熱器)	Utility Model	Our Company	PRC	202020652210.X	April 26, 2020

(c) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Registration date
1 . .	Topaz robot handheld touchscreen teaching pendant operating software (Topaz機器人手持式觸摸屏示教器操作軟件)	Topstar Software Technology (Dongguan) Co., Ltd.	2020SR0392569	April 28, 2020
2 . .	Five-in-one servo drive software system V1.0 (五合一伺服驅動器軟件系統V1.0)	Our Company	2020SR1727965	December 3, 2020
3 . .	Topstar servo debugging software V1.015 (拓斯達伺服調試軟件V1.015)	Our Company	2020SR1724780	December 3, 2020
4 . .	General robot teaching pendant software V2.0 (通用機器人示教器軟件V2.0)	Our Company	2020SR1724648	December 3, 2020
5 . .	TAROT six-axis robot touchscreen handheld controller control software V1.0 (TAROT六軸機器人觸摸屏式手控器控制軟件V1.0)	Our Company	2019SR0691879	July 4, 2019
6 . .	Injection molding machine control system automatic mold-opening end-point adjustment software V1.0 (注塑機控制系統自動調整開模終點軟件V1.0)	Our Company	2022SR0826948	June 23, 2022
7 . .	100-series hydraulic injection molding machine human–machine interaction software V1.0 (100系列液壓注塑機人機交互軟件V1.0)	Our Company	2023SR0238205	February 14, 2023
8 . .	Saiwo multi-axis manipulator input and output controller control software V1.0 (賽沃多軸機械手輸入輸出控制器控制軟件V1.0)	Topstar Software Technology (Dongguan) Co., Ltd.	2019SR0056693	January 17, 2019

No.	Copyright	Registrant	Registration number	Registration date
9 . .	Saiwo multi-axis servo manipulator touchscreen handheld controller control software V1.0 (賽沃多軸伺服機械手觸摸屏手控器控制軟件V1.0)	Topstar Software Technology (Dongguan) Co., Ltd.	2019SR0053855	January 16, 2019
10 .	Saiwo multi-axis servo manipulator button-type handheld controller control software V1.0 (賽沃多軸伺服機械手按鍵式手控器控制軟件V1.0)	Topstar Software Technology (Dongguan) Co., Ltd.	2018SR248810	April 12, 2018

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry Date
1 . .	topstarltd.com	Our Company	May 25, 2028
2 . .	topstarmachine.com	Our Company	August 30, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDER

Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the [**REDACTED**] capital of our Company between the Latest Practicable Date and the [**REDACTED**]), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], are set out below:

(i) Interest in our Company

Name of Shareholder	Nature of interest[(1)]	Number and class of Shares or underlying Shares held	Shareholding in relevant class of Shares or underlying Shares held as of the Latest Practicable Date	Approximate shareholding in relevant class of Shares after the [REDACTED][(2)]
Mr. Wu	Beneficial owner	144,629,860 A Shares	30.32%	[**REDACTED**]
Mr. Zhang Peng[(3)]	Beneficial owner	593,570 A Shares	0.12%	[**REDACTED**]
Mr. Zhou Yongchong[(4)] .	Beneficial owner	420,570 A Shares	0.09%	[**REDACTED**]
Mr. Lan Haitao[(5)]	Beneficial owner	136,160 A Shares	0.03%	[**REDACTED**]
Mr. Huang Jing[(6)]	Beneficial owner	142,410 A Shares	0.03%	[**REDACTED**]
Dr. Wang Zhicheng[(7)] . . .	Beneficial owner	50,700 A Shares	0.01%	[**REDACTED**]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**] and including 2,342,668 Treasury Shares).

(3) As of the Latest Practicable Date, Mr. Zhang Peng was interested in (i) 144,000 A Shares; (ii) 99,570 restricted shares granted to him under the 2023 Restricted Share Incentive Plan entitling him to receive 99,570 A Shares subject to vesting; and (iii) 350,000 award Shares granted to him under the 2025 Employee Shareholding Plan.

(4) As of the Latest Practicable Date, Mr. Zhou Yongchong was interested in (i) 144,000 A Shares; (ii) 96,570 restricted shares granted to him under the 2023 Restricted Share Incentive Plan entitling him to receive 96,570 A Shares subject to vesting; and (iii) 180,000 award Shares granted to him under the 2025 Employee Shareholding Plan.

(5) As of the Latest Practicable Date, Mr. Lan Haitao was interested in (i) 86,400 A Shares; (ii) 29,760 restricted shares granted to him under the 2023 Restricted Share Incentive Plan entitling him to receive 29,760 A Shares subject to vesting; and (iii) 20,000 award Shares granted to him under the 2025 Employee Shareholding Plan.

(6) As of the Latest Practicable Date, Mr. Huang Jing was interested in (i) 22,410 restricted shares granted to him under the 2023 Restricted Share Incentive Plan entitling him to receive 22,410 A Shares subject to vesting; and (ii) 120,000 award Shares granted to him under the 2025 Employee Shareholding Plan.

(7) As of the Latest Practicable Date, Dr. Wang Zhicheng was interested in (i) 20,700 restricted shares granted to him under the 2023 Restricted Share Incentive Plan entitling him to receive 20,700 A Shares subject to vesting; and (ii) 30,000 award Shares granted to him under the 2025 Employee Shareholding Plan.

(ii) Interest in our associated corporations

Name of associated corporation	Name of Director or chief executive	Nature of interest	Percentage of interest in the associated corporation[(1)]
Matrix Intelligent Control Technology (Dongguan) Co Ltd. (矩陣智控技術(東莞)有限公司) ("**Matrix Intelligent**") . .	Mr. Zhang Peng[(2)]	Interest in controlled corporation[(3)]	30%
Dongguan AFMING	Mr. Zhou Yongchong[(2)]	Interest in controlled corporation[(4)]	3.28%
Guangdong Matrix Zhituo Technology Co., Ltd. (廣東矩陣智拓科技有限公司) ("**Matrix Zhituo**")	Mr. Huang Jing[(2)]	Interest in controlled corporation[(5)]	9%

Notes:

(1) All interests stated are long positions.

(2) As of the Latest Practicable Date, Mr. Zhang Peng, Mr. Zhou Yongchong and Mr. Huang Jing were our Directors.

(3) As of the Latest Practicable Date, Mr. Zhang Peng was the sole general partner of Dongguan Chentuo Zhimi Enterprise Management Center (Limited Partnership) (東莞市晨拓智米企業管理中心(有限合夥), "**Chentuo Zhimi**"), holding 70% of its partnership interests. By virtue of the SFO, Mr. Zhang Peng is deemed to be interested in the 30% shareholding held by Chentuo Zhimi in Matrix Intelligent.

(4) As of the Latest Practicable Date, Mr. Zhou Yongchong was the sole general partner of Ruichang Tuochen Enterprise Management Center (Limited Partnership) (瑞昌拓晨企業管理中心(有限合夥)), "**Ruichang Tuochen**"), holding approximately 6.40% of its partnership interests. By virtue of the SFO, Mr. Zhou Yongchong is deemed to be interested in the approximately 3.28% shareholding held by Ruichang Tuochen in Dongguan AFMING.

(5) As of the Latest Practicable Date, Mr. Huang Jing was the sole general partner of Dongguan Tuopusi Enterprise Management Center (Limited Partnership) (東莞市拓譜思企業管理中心(有限合夥)), "**Dongguan Tuopusi**"), holding 50% of its partnership interests. By virtue of the SFO, Mr. Huang Jing is deemed to be interested in the 9% shareholding held by Dongguan Tuopusi in Matrix Zhituo.

Save as disclosed above, so far as our Directors are aware, immediately following the completion of the [**REDACTED**], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholder

Save as disclosed in "Substantial Shareholder" in this document and "— Further Information About Our Directors and Substantial Shareholder — Disclosure of Interests — (a) Interests of Our Directors and chief executive — (ii) Interest in our associated corporations" in this section, our Directors and chief executive are not aware of any person (other than a Director or chief executive of our Company) who will have an interest or a short position in the shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be,

directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group any other member of our Group.

Directors' Service Contracts and Letters of Appointment

Each of our executive Directors [entered] into a service contract with our Company. The terms of appointment under the service contracts are for an initial term of three years from the [**REDACTED**], subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

We [issued] letters of appointment to each of our independent non-executive Directors. The terms of appointment under the letters of appointment are for an initial term of three years from the [**REDACTED**], subject to termination in accordance with their respective terms. The letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Directors' Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors and former supervisors by our Group in respect of the last completed financial year, being year ended December 31, 2025, was RMB6.58 million. For details of our Directors' emoluments during the Track Record Period, see note 14 to the Accountants' Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB14.92 million.

A-SHARE INCENTIVE PLANS

2023 RESTRICTED SHARE INCENTIVE PLAN

The terms of the 2023 Restricted Share Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12, as it does not involve any grant of Shares by our Company after our [**REDACTED**] but is funded by our treasury Shares which are not [**REDACTED**] on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. The terms of the 2023 Restricted Share Incentive Plan are summarized below.

Purpose

The purpose of the 2023 Restricted Share Incentive Plan is to improve our Group's incentive mechanism to attract and retain talents, to strengthen the cohesion of our core employees, to boost the competitiveness of our Company and to align the interests of our Shareholders with the interests of our Group and our employees for the long-term development of our Group.

Administration

The 2023 Restricted Share Incentive Plan is subject to the approval of the Shareholders' meeting, administration by the Board and supervision by the board of supervisors and the independent Directors of our Company.

Participants

The eligible participants of the 2023 Restricted Share Incentive Plan include Directors (excluding independent Directors), senior management and other core employees of our Group.

Source and maximum number of Shares

The restricted shares to be granted under the 2023 Restricted Share Incentive Plan shall be A Shares repurchased by our Company from the secondary market, and/or A Shares to be issued by our Company to the participants. The maximum number of restricted shares that can be granted under the 2023 Restricted Share Incentive Plan is 4,643,600 A Shares.

Term of the scheme

The 2023 Restricted Share Incentive Plan shall be effective from the date of grant of the restricted shares under the 2023 Restricted Share Incentive Plan up to the date when the restricted shares granted have all been vested or lapsed, provided that the term of the 2023 Restricted Share Incentive Plan shall not exceed 48 months.

Date of grant

The date on which the restricted shares are granted shall be determined by the Board within 60 days from the date of approval of the 2023 Restricted Share Incentive Plan by Shareholders' meeting. The grant of restricted shares shall be registered and announced by our Company within 60 days after the approval of the 2023 Restricted Share Incentive Plan by the Shareholders' general meeting.

Lock-up for Directors and senior management

If the grantee is a Director or a member of senior management of our Company,

(i) during their employment with our Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;

(ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company;

(iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and

(iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

Conditions to the grant of restricted shares

The restricted shares under the 2023 Restricted Share Incentive Plan shall only be granted to selected participants if the following conditions are fulfilled:

(i) with respect to our Company, none of the following circumstances having occurred:

  a. an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountant's report for the most recent fiscal year;

  b. an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control of the financial report for the most recent fiscal year;

  c. our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its [**REDACTED**];

  d. applicable laws and regulations prohibit the implementation of share incentive; or

  e. other circumstances determined by the CSRC.

(ii) with respect to a grantee, none of the following circumstances having occurred:

  a. the grantee has been regarded as an inappropriate person by the Shenzhen Stock Exchange within the last 12 months;

b. the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months;

c. the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months;

d. the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

e. the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or

f. other circumstances determined by the CSRC.

Vesting of restricted shares

The restricted shares are vested upon the grant date but will only be vested if the following conditions were met:

(i) the conditions set out under "Conditions to the grant of restricted shares" above are fulfilled;

(ii) the relevant grantee has been employed with our Group for more than 12 months before any vesting date; and

(iii) the applicable annual performance assessment targets of our Company and performance appraisal requirements of the relevant grantee as set out under 2023 Restricted Share Incentive Plan are achieved.

The restricted shares granted shall be vested in accordance with the following vesting schedule, subject to satisfaction of the abovementioned vesting conditions:

Vesting schedule	Vesting period	Vesting percentage
The first vesting period	From the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 24-month anniversary of the date of grant	40%
The second vesting period	From the first trading day after the 24-month anniversary from the date of grant to the last trading day before the 36-month anniversary of the date of grant	30%
The third vesting period	From the first trading day after the 36-month anniversary from the date of grant to the last trading day before the 48-month anniversary of the date of grant	30%

Outstanding restricted shares

As of the Latest Practicable Date, the number of outstanding restricted shares granted under the 2023 Restricted Share Incentive Plan was 763,020, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

The following table sets forth the number of outstanding restricted shares granted to Directors, members of senior management or connected persons of our Company under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date:

Name of grantee	Position in our Group	Date of grant[2]	Grant price	Number of outstanding restricted shares	As an approximate percentage of issued share capital upon completion of the [REDACTED][1]
Mr. Zhou Yongchong	Executive Director and chief financial officer of our Company	October 19, 2023	RMB7.81	96,570	[**REDACTED**]
Mr. Zhang Peng . . .	Executive Director	October 19, 2023	RMB7.81	99,570	[**REDACTED**]
Mr. Lan Haitao . . .	Executive Director	October 19, 2023	RMB7.81	29,760	[**REDACTED**]
Dr. Wang Zhicheng .	Executive Director	October 19, 2023	RMB7.81	20,700	[**REDACTED**]
Mr. Huang Jing . . .	Executive Director	October 19, 2023	RMB7.81	22,410	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(2) See "Vesting of restricted shares" for vesting arrangements.

The following table sets forth the number of outstanding restricted shares granted to other grantees (excluding Directors, members of senior management or connected person of our Company) under the 2023 Restricted Share Incentive Plan as of the Latest Practicable Date:

Number of grantees	Date of grant[2]	Grant price	Number of outstanding restricted shares	As an approximate percentage of issued share capital upon completion of the [REDACTED][1]
24	October 19, 2023	RMB7.81	494,010	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**].

(2) See "Vesting of restricted shares" for vesting arrangements.

2025 EMPLOYEE SHAREHOLDING PLAN

The terms of the 2025 Employee Shareholding Plan are not subject to the provisions of Chapter 17 of the Listing Rules other than Rule 17.12, as it does not involve any grant of Shares by our Company after our [**REDACTED**] but is funded by our Treasury Shares which are not [**REDACTED**] on the Stock Exchange. Our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required. The terms of the 2025 Employee Shareholding Plan are summarized below.

Purpose

The purpose of the 2025 Employee Shareholding Plan is to improve the benefit sharing mechanisms between our employees and our Shareholders, to strengthen cohesion among our employees, to boost the competitiveness of our Company and to fully mobilize the enthusiasm and creativity of our employees.

Administration

The participants' meeting is the highest management authority of the 2025 Employee Shareholding Plan. A management committee (the "**Managing Committee**") is established comprising members elected by the participants' meeting for the day-to-day management and exercise of the shareholders' rights on behalf of the participants under the 2025 Employee Shareholding Plan. The Board is responsible for the drafting and amendment of the 2025 Employee Shareholding Plan and is entitled to handle other related matters as authorized by our Shareholders' meeting.

Participants

The eligible participants of the 2025 Employee Shareholding Plan include Directors (excluding independent Directors), senior management, mid-level management and key technical and business personnels of our Group.

Source and maximum number of award Shares

The underlying A Shares to be granted under the 2025 Employee Shareholding Plan shall be A Shares repurchased by our Company. The maximum number of award Shares that can be granted under the 2025 Employee Shareholding Plan is 2,129,000.

Term of the scheme

The 2025 Employee Shareholding Plan shall be effective for a term of 60 months commencing from the date on which our Company announces the complete transfer of the underlying A shares to the 2025 Employee Shareholding Plan.

Lock-up period and unlocking of award Shares

The award Shares granted under the 2025 Employee Shareholding Plan (including the Shares derived from the Shares granted under the 2025 Employee Shareholding Plan as a result of the distribution of dividends, capitalization of capital reserves or other similar circumstances) shall be subject to a lock-up period as follows:

Phase	Lock-up period	Unlock percentage
Phase I	12 months commencing from the date on which our Company announces the complete transfer of the underlying A Shares to the 2025 Employee Shareholding Plan	50%
Phase II	24 months commencing from the date on which our Company announces the complete transfer of the underlying A Shares to the 2025 Employee Shareholding Plan	50%

Upon the expiry of the lock-up period, and subject to the satisfaction of corporate-level performance evaluation and individual-level performance evaluation as set out under the 2025 Employee Shareholding Plan, the award Shares granted under the 2025 Employee Shareholding Plan shall be unlocked.

Outstanding award Shares

As of the Latest Practicable Date, 2,129,000 award Shares have been granted under the 2025 Employee Shareholding Plan, representing approximately [**REDACTED**]% of the total issued Shares immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]).

The following table sets forth the number of outstanding award Shares granted to members of Directors, senior management or connected persons of our Company under the 2025 Employee Shareholding Plan as of the Latest Practicable Date:

Name of grantee	Position in our Group	Date of grant	Number of outstanding award shares	As an approximate percentage of issued share capital upon completion of the [REDACTED][(1)]
Mr. Zhou Yongchong . . .	Executive Director and chief financial officer of our Company	January 19, 2026	180,000	[**REDACTED**]
Mr. Zhang Peng	Executive Director	January 19, 2026	350,000	[**REDACTED**]
Mr. Lan Haitao	Executive Director	January 19, 2026	20,000	[**REDACTED**]
Dr. Wang Zhicheng	Executive Director	January 19, 2026	30,000	[**REDACTED**]
Mr. Huang Jing	Executive Director	January 19, 2026	120,000	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) See "Lock-up period and unlocking of award Shares" for unlocking arrangements.

The following table sets forth the number of outstanding award Shares granted to other grantees (excluding Directors, members of senior management or connected persons of our Company) under the 2025 Employee Shareholding Plan as of the Latest Practicable Date:

Number of grantees	Date of grant	Number of outstanding award shares	As an approximate percentage of issued share capital upon completion of the [REDACTED][(1)]
54	January 19, 2026	1,429,000	[**REDACTED**]

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised and no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) See "Lock-up period and unlocking of award Shares" for unlocking arrangements.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares in issue and to be [**REDACTED**] pursuant to the [**REDACTED**] (including any additional H Shares which may be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$[**REDACTED**] for acting as a sponsor for the [**REDACTED**].

No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since March 31, 2026 (being the end of the period reported on in the Accountants' Report as set out in Appendix I to this document).

Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO
Jia Yuan Law Offices	Qualified PRC lawyers
BDO Limited	Certified public accountants and public interest entity auditor
Frost & Sullivan	Industry consultant
King & Wood	Legal advisor as to international sanctions laws
Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd.	Independent property valuer
China Commercial Law Firm	Legal advisor as to PRC data and cybersecurity laws

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

Promoter

Information of our promoters at the time of our Company's conversion into a joint stock limited company on March 24, 2014 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage shareholding
Mr. Wu	29,019,700	58.04%
Mr. Yang Shuangbao	5,966,900	11.93%
Fujian Xingzheng	5,000,000	10.00%
Mr. Huang Daibo	4,622,700	9.25%
Dachen LP	3,639,500	7.28%
Mr. Zhu Hai	1,751,200	3.50%
Total	**50,000,000**	**100.00%**

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the [**REDACTED**] and the related transactions described in this document.

Preliminary Expenses

We have not incurred any material preliminary expenses.

Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "— Other Information — Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "— Other Information — Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to [**REDACTED**]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and

(vi) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contract referred to in "Statutory and General Information — Further Information About Our Business — Summary of Material Contract" in Appendix VII to this document; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consent of Experts" in Appendix VII to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.topstarltd.com** (with respect to Chinese version) and **www.topstarmachine.com** (with respect to English version) for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the Track Record Period;

(c) the Accountants' Report for the Track Record Period issued by BDO Limited, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group issued by BDO Limited, the text of which is set out in Appendix II to this document;

(e) the legal opinion issued by Jia Yuan Law Offices, our PRC Legal Advisor, in respect of certain aspects and the property interests of our Group in the PRC;

(f) the legal memorandum issued by King & Wood, our legal advisor as to international sanctions laws;

(g) the industry report issued by Frost & Sullivan;

(h) the Property Valuation Report prepared by Colliers Appraisal & Advisory Services (Shanghai) Co., Ltd., the text of which is set out in Appendix III to this document;

(i) the legal opinion issued by China Commercial Law Firm, our PRC Data Compliance Legal Advisor, in respect of data compliance and cybersecurity matters of our Group;

(j) the material contract referred to in "Statutory and General Information — Further Information About Our Business — Summary of Material Contract" in Appendix VII to this document;

(k) the service contracts and letters of appointment referred to in "Statutory and General Information — Further Information About Our Directors and Substantial Shareholder — Directors' Service Contracts and Letters of Appointment" in Appendix VII to this document;

(l) the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consent of Experts" in Appendix VII to this document; and

(m) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.