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Post Hearing Information Pack of

Direct Drive Tech Limited
(本末動力（北京）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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Direct Drive Tech Limited
本末動力（北京）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])**
[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[0.10] per H Share**
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***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 the whole document before you decide to* [REDACTED] *in the* [REDACTED]. *In particular, we are a specialist technology company seeking to* [REDACTED] *on the Main Board of the Hong Kong Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with* [REDACTED] *in companies such as ours. In addition, we have incurred operating loss since our inception, and we may incur adjusted net loss (non-IFRS measure) and operating loss for the foreseeable future. We had negative net cash flow from operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your* [REDACTED] *decision should be made in light of these considerations. There are risks associated with any* [REDACTED]. *Some of the particular risks in* [REDACTED] *in the* [REDACTED] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully in full before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

Who We Are

We are a robotics technology company with direct drive technology as our core capability. We primarily engage in the sales of robotic actuator modules, and to a lesser extent, robots, in China. We operate in (i) PRC consumer robotic actuator module industry, a sub-segment representing 26.3% of PRC robotic actuator module industry and (ii) PRC wheel-legged and PRC dual-wheel-legged robot industry in China, sub-segments representing less than 1.0% of the PRC robot industry. The following sets forth our highlights:

- ***Robotic actuator module.*** By revenue in 2025, we ranked (i) eighth with a market share of 2.4% in the PRC consumer robotic actuator module industry, and (ii) first with a market share of 61.1% in PRC consumer robotic direct drive actuator module industry, a sub-segment representing 3.9% of the PRC consumer robotic actuator module industry, according to Frost & Sullivan.
- ***Robot.*** By revenue in 2025, we ranked (i) fourth in the PRC wheel-legged robot industry with a market share of 4.7%, and (ii) second in the PRC dual-wheel-legged robot industry with a market share of 18.6%. Launched in October 2025, D1 robot is the first fully modular dual-wheel-legged robot commercially introduced in the world. We are also among a limited number of companies in the global robot industry to achieve coordinated control in our wheel-legged robots, which refers to the capability of robots to function as a unified entity.

BUSINESS AND REVENUE MODEL

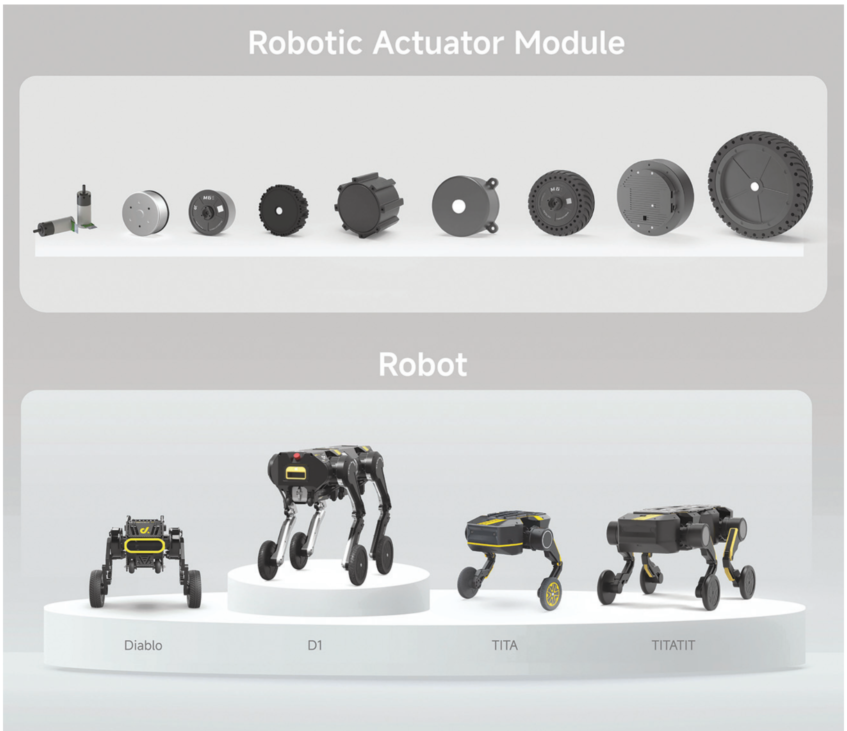
We generate revenue from the sales of our robotic actuator modules and robots. Our business model centers on developing and commercializing advanced robotic actuator modules and robots across consumer, industrial and commercial, and embodied intelligence application scenarios.

Our Products

The following table sets forth a summary of our products as of the Latest Practicable Date:

Product Categories		Major Application Scenarios/End-products
Robotic actuator modules	Robotic direct drive actuator modules	Consumer application scenarios: • Household cleaning robot • Robotic lawn mower • AI companion robot • Air purifier robot Industrial application scenarios: • Collaborative robot • AMR Commercial application scenarios: • Servicing robot • Commercial cleaning robot • Portable laundry robot
	Embodied joint modules	• Wheel-legged robot • Humanoid robot • Robotic dog
Robots	Diablo Robot TITA Robot TITATIT Robot D1 Robot	• Inspection • Delivery • Research

The following picture sets forth a summary of our product offerings as of the Latest Practicable Date.



Robotic Actuator Modules

Robotic Direct Drive Actuator Modules. Our robotic direct drive actuator modules are integrated motion units that deliver direct drive torque output without external transmission components. In the six months ended June 30, 2026, the shipment volume of our robotic direct drive actuator modules for consumer robots amounted to approximately 5.7 million units, and as of June 30, 2026, we collaborated with four of the top ten consumer robot providers in the world in terms of revenue in 2025.

Embodied Joint Modules. Our embodied joint modules are integrated electromechanical units designed for multi-degree-of-freedom robotic platforms. Each module comprises a high-torque motor, servo driver system, controlling components such as encoders and sensors, and structural housing. Our product portfolio covers the mainstream size range from 20 mm to 120 mm, with peak torque outputs up to 120 Nm. As of June 30, 2026, we provided embodied joint modules to one of China's top five embodied intelligence robot providers in terms of total value of orders on hand for 2025.

We sell robotic actuator modules to consumer robot providers, commercial and industrial robot providers. Our modules are integrated into various robotic platforms such as household cleaning robots, AI companion robots in consumer application scenarios, and collaborative robots and AMR in industrial and commercial application scenarios.

Robots

As of the Latest Practicable Date, our robots are all wheel-legged robots, including Diablo, TITA, TITATIT and D1: (i) **Diablo**: launched in 2021, Diablo robot is the first direct drive dual-wheel-legged robot (直驅型雙輪足機器人) commercially introduced in the world, according to Frost & Sullivan; (ii) **TITA and TITATIT**: according to Frost & Sullivan, TITA robot is the first dual-wheel-legged robot with eight degrees of freedom (八自由度雙輪足機器人) commercially introduced in the world; launched in 2024, formed by assembling two TITA units, our TITATIT robot is the first reconfigurable wheel-legged robot commercially introduced in the world; and (iii) **D1**: launched in October 2025, D1 robot is the first fully modular dual-wheel-legged robot (整機模組化雙輪足機器人) commercially introduced in the world, according to Frost & Sullivan. We sell wheel-legged robots to customers across research institutions and enterprises for applications including research and development on robotic technologies, inspection, delivery and other general-purpose deployment scenarios.

Pricing

We generally price our products based on a gross-margin-driven pricing model. For robotic actuator modules, we offer multiple standard configurations, with pricing varying based on technical complexity and performance characteristics. For robots, we primarily provide standardized robots. Our robots are also customizable based on customers' requirements. For pricing of customized orders, we consider (i) the scope and complexity of customization, (ii) the engineering and testing resources required, (iii) the development timeline and intellectual property arrangements, and (iv) number of robots ordered. For further details, see "Business — Sales and Marketing — Pricing." The table below sets out a breakdown of our revenue by product categories for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Robotic direct drive actuator modules										
Consumer applications	3,206	18.3	63,985	80.2	247,756	88.0	131,166	91.5	164,926	82.3
Industrial and commercial applications	10,996	62.7	8,496	10.6	19,854	7.0	6,577	4.6	20,997	10.5
Industrial applications	992	5.7	2,313	2.9	2,856	1.0	1,004	0.7	6,865	3.4
Commercial applications	10,004	57.0	6,183	7.7	16,998	6.0	5,573	3.9	14,132	7.1
Subtotal	14,202	81.0	72,481	90.8	267,610	95.0	137,743	96.1	185,923	92.8
Embodied joint modules										
Commercial applications	15	0.1	2,641	3.3	6,679	2.4	2,913	2.0	3,261	1.6
Research applications	—	—	40	0.1	119	0.0	63	0.1	44	0.1
Subtotal	15	0.1	2,681	3.4	6,798	2.4	2,976	2.1	3,305	1.7
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Commercial applications	3,035	17.3	4,044	5.1	6,890	2.5	2,425	1.7	10,997	5.5
Research applications	286	1.6	596	0.7	417	0.1	188	0.1	70	0.0
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our revenue by type of customers for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robot providers	17,149	97.8	78,577	98.5	281,306	99.8	143,030	99.8	200,167	99.9
Research institutions	389	2.2	1,225	1.5	409	0.2	302	0.2	128	0.1
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our shipment volume and average selling price by product categories for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
Robotic direct drive actuator modules(1)	185,591	77	2,143,030	34	8,497,883	31	4,496,617	31	5,758,040	32
Consumer applications	115,237	28	2,104,298	30	8,424,819	29	4,470,721	29	5,660,254	29
Industrial applications	15,248	65	9,833	235	19,596	146	6,108	164	70,584	97
Commercial applications	55,106	182	28,899	214	53,468	318	19,788	282	27,202	520
Embodied joint modules(2)	58	259	10,278	261	12,276	554	3,898	763	12,878	257
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots(3)(4)	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

Notes:

(1) The shipment volume of our robotic direct drive actuator modules increased significantly during the Track Record Period, primarily driven by growing market recognition of direct drive technology in the household cleaning robotics sector from 2024. This was reflected in the PRC direct drive actuator module market surging from RMB0.2 billion in 2023, to RMB0.4 billion in 2024, and further to RMB1.9 billion in 2025, which accelerated order volumes from existing and new customers. Our customer base grew from 145 in 2023 to 165 in 2025, and from 90 in the six months ended June 30, 2025 to 123 during the same period in 2026, with our customer coverage of top ten consumer robot providers in the world by revenue in 2025 increasing from nil in 2023 to four in the six months ended June 30, 2026. The ASP of robotic direct drive actuator modules decreased during the same period, reflecting economies of scale as production volume expanded from 0.2 million units in 2023 to 8.5 million units in 2025, and lower unit material costs achieved through enhanced supply chain bargaining power, which enabled more competitive pricing while gross profit margins improved from 8.3% in 2023 to 20.0% in 2025. The ASP of robotic direct drive actuator modules remained stable from the six months ended June 30, 2025 to the same period in 2026, reflecting a stable product mix and pricing.

(2) The shipment volume of our embodied joint modules increased during the Track Record Period, driven by the ramp-up of the embodied joint module industry, with its market size growing from RMB0.2 billion in 2023 to RMB1.2 billion in 2025 at a CAGR of 68.2% and our exploration of new application scenarios in line with new robot product introduction by leading embodied intelligence robot providers. The ASP of embodied joint modules remained broadly stable from 2023 to 2024 and increased in 2025, reflecting the same new product introduction trend by embodied intelligence robot providers, which required higher-specification joint modules such as HMC series and dexterous hand modules. The ASP of embodied joint modules decreased from the six months ended June 30, 2025 to the six months ended June 30, 2026 primarily due to changes in product mix, with a more diversified product offering across different price points.

(3) The shipment volume of our robots decreased from 2023 to 2024, primarily due to the launch of our TITATIT robot, which increased product complexity and required a longer production ramp-up period, and recovered in 2025 following production stabilization and the launch of our D1 robot in October 2025. The differing impact of the two product launches in 2024 and 2025 is primarily attributable to the following: (i) the TITATIT launch in 2024 introduced greater product complexity as our first reconfigurable dual-unit robot, requiring substantial adjustments to assembly processes and supply chain while supporting multiple robot models simultaneously; and (ii) D1 was built on the same modular platform as our existing robot lines, enabling a shorter ramp-up by leveraging established processes and accumulated production experience. Accordingly, the D1 launch contributed to, rather than disrupted, our shipment volume recovery in 2025. The shipment volume of our robots increased from the six months ended June 30, 2025 to the six months ended June 30, 2026 primarily due to broader adoption of our D1 robot across new application scenarios.

(4) The increase in the ASP of robots from 2023 to 2024 reflected a product mix shift towards higher-value models as we expanded from Diablo to additionally offering TITA and TITATIT robots with higher ASPs, against a reduced shipment volume base, while the decrease in the ASP of robots from 2024 to 2025 reflected a broader product mix as volumes recovered across multiple robot models

including the introduction of our D1 robot in October 2025, partially offset by D1's expanded accessories and configuration options. The ASP of our robots increased from the six months ended June 30, 2025 to the six months ended June 30, 2026 primarily due to a more favorable product mix, with a higher proportion of our D1 robot and customized product offerings.

The table below sets out a breakdown of our shipment volume and average selling price by product category and by type of customers for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
- Robot providers	185,603	76	2,150,853	35	8,510,106	32	4,500,501	31	5,770,835	33
- Research institutions	46	2,244	2,455	256	53	2,052	14	8,143	83	699
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots										
- Robot providers	231	13,137	97	41,691	234	29,444	186	13,038	220	49,986
- Research institutions	26	10,999	28	21,270	6	50,059	6	31,333	10	7,000
Subtotal	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

Our Technologies

We develop our core technologies around three integrated technology pillars that underpin our product architecture. For further details, see "Business – Our Core Technologies."

Robotic Actuator Module Technology. This technology centers on direct drive actuator technology. Our core technological strengths span (i) direct drive motor design, (ii) thermal management, and (iii) drive-control integration.

Wheel-Legged Robot Technology. This technology enables robotic systems to adapt to frequent transitions between indoor and outdoor environments. Key capabilities include a four-layer modular hardware architecture with standardized interfaces enabling reconfiguration, and a long endurance design featuring energy-efficient locomotion.

Modular Reconfiguration Technology. This technology supports (i) dynamic reconfiguration by connecting two or more robotic units and (ii) coordinated operation and task allocation across multiple robotic units. This enables our robots to operate across robotic configurations.

Application Scenarios of Our Products

We serve subsegments of the PRC robotic actuator module industry and PRC robot industry, specifically (i) PRC consumer robotic actuator module industry and (ii) PRC wheel-legged robot industry. From our inception to June 30, 2026, our robotics technology has empowered over 7.5 million robots across consumer, industrial and commercial application scenarios, as well as embodied intelligence robots.

Consumer application scenarios. According to Frost & Sullivan, we are the first and only company globally with shipment volume of robotic direct drive actuator modules for consumer robots exceeding 5.0 million units. We have achieved a market share of 61.1% in PRC consumer robotic direct drive actuator module industry by revenue in 2025, according to Frost & Sullivan.

Industrial and commercial application scenarios. We have extended the application of our direct drive technology to industrial and commercial scenarios such as autonomous mobile robots ("**AMRs**") and collaborative robots.

Embodied intelligence robots. We provide embodied joint modules to leading embodied intelligence robot providers and provide wheel-legged robots suited for scenarios involving frequent transitions between indoor and outdoor environments.

Sales Network

The following table sets forth a breakdown of our revenue by geographic region of the delivery location for the periods indicated. See "Business — Sales and Marketing — Our Sales Network."

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Domestic	16,334	93.1	79,776	99.97	279,917	99.4	143,328	100.0	196,948	98.3
Overseas[1]	1,204	6.9	26	0.03	1,798	0.6	4	0.0	3,347	1.7
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

Note:

(1) In 2023, our overseas revenue mainly comprised revenue from the United States of RMB0.5 million, revenue from Singapore of RMB0.2 million, and revenue from Japan of RMB0.2 million. In 2024 and 2025, our overseas revenue comprised revenue from Hong Kong. In the six months ended June 30, 2026, our overseas revenue mainly comprised revenue from Hong Kong of RMB3.1 million, revenue from South Korea of RMB0.1 million, and revenue from Japan of RMB0.1 million.

Sales Channels

The following table sets forth a breakdown of revenue from product sales by sales channel for the periods indicated. See "Business — Sales and Marketing — Our Sales Channel."

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Offline direct sales	14,161	80.8	74,844	93.8	273,900	97.2	140,399	98.0	189,110	94.4
Online direct sales	56	0.3	318	0.4	508	0.2	320	0.2	118	0.1
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Offline direct sales	1,622	9.2	3,363	4.2	6,390	2.3	2,392	1.6	10,592	5.3
Distributorship	525	3.0	1,277	1.6	917	0.3	221	0.2	475	0.2
Online direct sales	1,174	6.7	—	—	—	—	—	—	—	—
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

Production

As of the Latest Practicable Date, we operated two production bases in Dongguan, China, with an aggregate gross floor area of approximately 24,287.2 sq.m. We utilize a combination of in-house manufacturing and limited outsourcing of supplementary production processes. The following table sets forth our designed production capacity, production volume and production utilization rate by product category for the periods indicated. For further details, see "Business — Production."

	Year ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
Robotic actuator module					
Designed production capacity (thousand unit)	790	4,082	15,730	7,800	10,500
Production volume (thousand unit)	300	2,249	8,510	4,582	7,424
Utilization rate (%)	38.0	55.1	54.1	58.7	70.7
Robot					
Designed production capacity (unit)	335	419	501	270	501
Production volume (unit)	267	210	240	117	294
Utilization rate (%)	79.7	50.1	47.9	43.3	58.7
Total utilization rate (%)	**38.0**	**55.1**	**54.1**	**58.7**	**70.7**

OUR STRENGTHS

Our core strength resides in our differentiated robotics technology anchored in direct drive technology and in-house R&D across both robotic actuator modules and robots, including a (i) robotics technology company with direct drive technology as core capability; (ii) strong robotics technology R&D capabilities; (iii) synergy between robotic actuator modules and robot product lines; (iv) promising commercialization prospects; (v) extensive production experience and agile supply chain supporting delivery efficiency and (vi) management team with innovation, pragmatic attitude and extensive industry experience. See "Business — Our Strengths" for details.

OUR STRATEGIES

We are committed to making robots more efficient, dexterous and intelligent. We plan to implement the following strategies: (i) further strengthening R&D capabilities; (ii) continuously strengthening production capabilities; (iii) building a collaborative and prosperous industry ecosystem, and (iv) global expansion and expansion of our customer base. See "Business — Our Strategies" for details. For specific plans, timelines, quantitative targets and our expected changes in revenue mix and cost structure, see "Business — Business Sustainability and Path to Profitability" for details. Our planned allocation of the estimated **[REDACTED]** from the **[REDACTED]** supports these priorities. See "Future Plans and Use of **[REDACTED]**."

SPECIALIST TECHNOLOGY INDUSTRIES

The table below sets forth how our Specialist Technology Products fall within the category of the Specialist Technology Companies as defined in Chapter 18C of the Listing Rules.

Specialist Technology Products	Specialist Technology Industry Acceptable Sectors
Robotic Actuator Modules	
Robotic Direct Drive Actuator Modules	Robotics and automation (robot technology)
Embodied Joint Modules	Robotics and automation (robot technology)
Robots	Robotics and automation (robot technology)

The table below sets forth the key intellectual property rights in relation to our core technological strengths as applied in our Specialist Technology Products.

Specialist Technology Product	Core Technological Strengths	Patent No.	Application Scenario/ End products
Robotic actuator module	Direct drive motor design	ZL202110565925.0 ZL202121123611.7 ZL202422185030.6 ZL202323200153.4	Consumer robot Industrial and commercial robot
	Thermal management	ZL202322832400.6 ZL202110565925.0 ZL202422515775.4 ZL2023232496433 ZL202123273057.3	Consumer robot Industrial and commercial robot
	Drive-control Integration	ZL2021211243233 ZL2023118496937	Consumer robot Industrial and commercial robot
Robot	Stable reconfiguration structure	ZL202411092299.8 ZL202421926858.6 ZL202411092295.X	D1 Robot
	Highly modular design	ZL202421157618.4 ZL202530068235.3 ZL202110325733.2	Diablo Robot TITA Robot D1 Robot
	Long endurance	ZL2022205357176 ZL2022102478277	Diablo Robot TITA Robot D1 Robot

Our products and underlying technologies are exclusively applied to the engineering/development of robots and automated systems. Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that, based on the information above, each of our products falls within an acceptable sector of a Specialist Technology Industry, specifically robotics and automation under advanced hardware and software, as defined under Chapter 18C of the Listing Rules. Based on the due diligence conducted by the Sole Sponsor and the views expressed by Frost & Sullivan and our Directors, the Sole Sponsor is of the view that each of our products falls within an acceptable sector of a Specialist Technology Industry, specifically robotics and automation under advanced hardware and software, as defined under Chapter 18C of the Listing Rules.

COMMERCIALIZATION AND BUSINESS SUSTAINABILITY

Commercialization of Our Specialist Technology Products

We are a Specialist Technology Company. All of our products are designated Specialist Technology Products falling within the robotics and automation sector. We have adopted a transaction-based model for the sales of these products. Revenue is generally recognized at a point in time when control of the products is transferred to our customers, which typically occurs upon delivery and acceptance. The table below sets forth the commercialization timeline of our major Specialist Technology Products, reflecting the progression from internal development to market deployment.

Specialist Technology Products	Launch[1]	Start of revenue recognition
Robotic direct drive actuator module		
M0601 Series	July 2020	October 2021
M0602 Series	May 2020	October 2021
M0603 Series	April 2022	June 2022
M1502 Series	June 2020	October 2021
M1503 Series	July 2021	June 2022
Embodied Joint Module		
P1010 Series	August 2024	October 2024
P0610 Series	March 2025	August 2025

Specialist Technology Products	Launch(1)	Start of revenue recognition
Robot		
Diablo Robot	September 2021	May 2022
TITA Robot	June 2023	August 2024
TITATIT Robot	April 2024	October 2024
D1 Robot	October 2025	November 2025

Note:

(1) Launch date of the first product of the relevant series.

We have achieved rapid commercial growth during the Track Record Period. Our revenue increased from RMB17.5 million in 2023 to RMB79.8 million in 2024, and further to RMB281.7 million in 2025, with a CAGR of 300.8% from 2023 to 2025. Our revenue increased from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026. This growth was primarily driven by the large-scale shipment of our robotic direct drive actuator modules to leading consumer robot providers and the expanding adoption of our robots in industrial and commercial application scenarios.

Path to Profitability

Although we recorded net losses during the Track Record Period, our profitability profile has significantly improved. Our adjusted net loss margin (non-IFRS measure) narrowed substantially from 349.1% in 2023 to 77.2% in 2024 and further narrowed to 15.4% in 2025. Our adjusted net loss margin (non-IFRS measure) remained relatively stable at 13.7% and 13.7%, respectively, in the six months ended June 30, 2025 and 2026. We expect to continue to incur net losses in the near term as we continue to invest in R&D and commercialization. We believe our path to sustainable profitability is supported by the following:

Stable Revenue Growth. We plan to expand our product portfolio across household cleaning robots, embodied intelligence robots and selected robot products. According to Frost & Sullivan, the global consumer robotic actuator module market and the global wheel-legged robot market are expected to grow at CAGRs of 15.5% and 106.5%, respectively, from 2026 to 2030.

Advancing Core Technologies. We will continue investing in our three core technology pillars. Some selected upgraded products and next-generation motor technologies are expected to reach technical validation or mass production in 2026.

Enhancing Customer Engagement. We plan to enhance collaboration with existing customers and broaden our customer base through earlier participation in customers' product development cycles, broader supply scope where appropriate and overseas business development.

Optimizing Operating Efficiency. In 2026, we added four automated production lines and achieved an automation rate of over 50%. We will also continue to optimize our operating efficiency, targeting a 15% to 20% reduction in unit material costs through supply chain optimization, and expect modular design and technology reuse to improve development efficiency. For further details, see "Business — Business Sustainability and Path to Profitability" and "Future Plans and Use of **[REDACTED]**."

RESEARCH AND DEVELOPMENT

As of June 30, 2026, our R&D team comprised 192 experienced employees, 94.3% of whom held bachelor's degrees or higher. Our R&D team possesses industry experience across robotic actuator module and motion control, embedded drive-control hardware, thermal and power system design, robot structural engineering, and system-level robotic platform development. We have established three core technology pillars: (i) the robotic actuator module technology, (ii) the wheel-legged robot technology, and (iii) the modular reconfiguration technology. During the Track Record Period, our research and development expenses were RMB39.0 million, RMB42.9 million, RMB55.4 million, RMB26.9 million and RMB53.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For further details, see "Business — Research and Development."

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, we had 352 patents (including 46 invention patents and 234 utility model patents), seven registered copyrights and 30 registered trademarks in China. As of the Latest Practicable Date, we have 148 patents in application and five trademarks in application in China. For further details, see "Appendix VI — Statutory and General Information — B. Further Information about our Business — 2. Our Intellectual Property Rights." We self-develop and own the core intellectual property underlying our technology, including direct drive motor design, thermal management, drive-control integration, highly modular design, long endurance design, and modular reconfiguration architectures. We intend to continue advancing proprietary control frameworks and hardware-software integration strategies. We safeguard our intellectual property through trademarks, trade secrets and other intellectual property laws, as well as confidentiality agreements signed with our employees. 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.

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of consumer robot providers, industrial and commercial robot providers, and embodied intelligence robot providers. We have a high concentration of customers. Revenue from our five largest customers in each year/period during the Track Record Period amounted to RMB11.7 million, RMB66.5 million, RMB241.4 million and RMB162.9 million, representing 67.0%, 83.4%, 85.7% and 81.3% of our total revenue in the same periods, respectively. In each year/period during the Track Record Period, revenue from our largest customer accounted for 22.3%, 62.1%, 42.8% and 53.6% of our total revenue, respectively. All of our five largest customers in each year/period during the Track Record Period were Independent Third Parties. We procure raw materials primarily including enameled copper wire, iron core, magnets and other materials from suppliers of raw materials. Purchases from our five largest suppliers in each year/period during the Track Record Period amounted to RMB9.8 million, RMB26.5 million, RMB79.1 million and RMB74.4 million, representing 35.8%, 36.4%, 40.1% and 38.4% of our total purchases in the same periods, respectively. In each year/period during the Track Record Period, purchases from our largest supplier accounted for 14.0%, 9.6%, 10.6% and 11.3% of our total purchases, respectively. We maintain stable relationships with qualified suppliers to ensure supply continuity and manage cost fluctuations. For further details, see "Business — Our Customers" and "Business — Our Supply Chain — Our Suppliers — Our Major Suppliers."

COMPETITION

We operate in (i) the PRC consumer robotic actuator module industry, a sub-segment representing 26.3% of the PRC robotic actuator module industry; and (ii) the PRC wheel-legged and dual-wheel-legged robot industries, small sub-segments of the overall PRC robotic industry, respectively. These industries are characterized by significant barriers, including technological capabilities and ecosystem synergy, and are technology intensive, competitive and concentrated. In 2025, by revenue, the top 10 providers accounted for a market share of 58.9% in the PRC robotic actuator module industry and a market share of 47.1% in the PRC consumer robotic actuator module industry, respectively. By revenue, our Group ranked (i) eighth with a market share of 2.4% in the PRC consumer robotic actuator module industry and (ii) first with a market share of 61.1% in PRC consumer robotic direct drive actuator module industry. In 2025, within global wheel-legged robot industry and PRC wheel-legged robot industry, by revenue, the top eight global wheel-legged robot providers accounted for a total market share of 82.2% in the global wheel-legged robot industry, while the top five wheel-legged robot providers in China accounted for a market share of 80.6% in the PRC wheel-legged robot industry. With a revenue of RMB7.3 million from wheel-legged robot in 2025, we (i) ranked sixth in the global wheel-legged robot industry with a market share of 3.3%, (ii) fourth in the PRC wheel-legged robot industry with a market share of 4.7%, and (iii) second in the PRC dual-wheel-legged robot industry with a market share of 18.6%. For further details, see "Industry Overview."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Revenue	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**
Cost of sales	(15,176)	(86.5)	(64,406)	(80.7)	(221,130)	(78.5)	(116,848)	(81.5)	(158,888)	(79.3)
Gross profit	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**
Other income and gains	1,413	8.1	1,922	2.4	4,152	1.5	2,250	1.6	2,312	1.2
Selling and distribution expenses	(10,662)	(60.8)	(11,651)	(14.6)	(12,934)	(4.6)	(6,953)	(4.9)	(8,233)	(4.1)
Administrative expenses	(14,656)	(83.6)	(34,786)	(43.6)	(98,685)	(35.0)	(13,154)	(9.2)	(82,979)	(41.4)
Research and development expenses	(39,040)	(222.6)	(42,924)	(53.8)	(55,437)	(19.7)	(26,893)	(18.8)	(53,587)	(26.8)
Impairment losses under expected credit loss model, net	(918)	(5.2)	(2,875)	(3.6)	(585)	(0.2)	(1,243)	(0.9)	(2,475)	(1.2)
Other expenses and losses	(110)	(0.6)	(465)	(0.6)	(6,251)	(2.2)	(989)	(0.7)	(1,979)	(1.0)
Finance costs	(1,663)	(9.5)	(1,561)	(2.0)	(1,726)	(0.6)	(848)	(0.6)	(561)	(0.3)
Changes in the carrying amount of the redemption liabilities	(12,311)	(70.2)	(16,791)	(21.0)	(770,096)	(273.4)	(11,220)	(7.8)	(284,637)	(142.1)
Loss before tax	**(75,585)**	**(431.0)**	**(93,735)**	**(117.5)**	**(880,977)**	**(312.7)**	**(32,566)**	**(22.7)**	**(390,732)**	**(195.1)**
Income tax expense	—	—	—	—	—	—	—	—	—	—
Loss for the year/period	**(75,585)**	**(431.0)**	**(93,735)**	**(117.5)**	**(880,977)**	**(312.7)**	**(32,566)**	**(22.7)**	**(390,732)**	**(195.1)**
Attributable to:										
Owners of the parent	(75,585)	(431.0)	(93,735)	(117.5)	(880,977)	(312.7)	(32,566)	(22.7)	(390,732)	(195.1)

Non-IFRS Measures

To supplement our consolidated financial statements prepared under IFRS, we use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items including (i) share-based payment expenses, non-cash in nature; (ii) changes in the carrying amount of redemption liabilities arising from series shares with special rights, and such redemption liabilities will be re-designated from liabilities to equity upon the automatic conversion of redeemable preferred shares into ordinary shares upon **[REDACTED]**; and (iii) **[REDACTED]** expenses, which are expenses incurred in connection with the **[REDACTED]**.

We believe this measure helps **[REDACTED]** and others understand and evaluate our consolidated results of operations in the same way it helps our management. However, other companies may calculate similarly titled non-IFRS measures differently, limiting their comparability. This measure has analytical limitations, and you should not consider it in isolation, or as a substitute for analyzing, our results of operations or financial condition as reported under IFRS. We encourage **[REDACTED]** and others to review our financial information in its entirety and not rely on a single financial measure.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net loss	**(75,585)**	**(93,735)**	**(880,977)**	**(32,566)**	**(390,732)**
Add:					
Share-based payment expenses[(1)]	2,051	15,350	58,758	1,730	62,704
Changes in the carrying amount of the redemption liabilities[(2)]	12,311	16,791	770,096	11,220	284,637
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure)	**(61,223)**	**(61,594)**	**(43,247)**	**(19,616)**	**(27,500)**

Notes:

(1) Non-cash expenses arising from shares granted to qualified directors and employees under our Group's share-based incentive scheme. For further details, see Note 31 to the Accountants' Report in Appendix I.

(2) Non-cash fair value changes arising from redemption liabilities, which arose from the financing with special rights received from Pre-**[REDACTED]** Investors. For further details, see Note 20 to the Accountants' Report in Appendix I.

We recorded net losses during the Track Record Period. The increase in net losses from 2023 to 2024 was primarily attributable to our ramp-up stage investments in R&D, production capacity expansion and market development. The significant increase in net loss in 2025 was primarily driven by non-cash changes in the carrying amount of redemption liabilities of RMB770.1 million, which will be re-designated from liabilities to equity upon [**REDACTED**]. The increase in net losses from the six months ended June 30, 2025 to the six months ended June 30, 2026 was primarily attributable to non-cash changes in the carrying amount of redemption liabilities of RMB284.6 million, which will be re-designated from liabilities to equity upon [**REDACTED**]. Our adjusted net loss (non-IFRS measure) remained relatively stable in 2023 and 2024. The narrowing of adjusted net loss (non-IFRS measure) in 2025 reflected the significant revenue and gross profit growth as our business scaled, partially offset by increased R&D and administrative expenses. Our adjusted net loss (non-IFRS measure) increased from RMB19.6 million in the six months ended June 30, 2025 to RMB27.5 million in the six months ended June 30, 2026, primarily attributable to (i) increased R&D expenses, including higher raw material costs to support our new and ongoing R&D activities and higher staff costs due to an increase in our R&D personnel; and (ii) increased administrative expenses, including higher office expenses, staff costs, and depreciation and amortization, in line with our business expansion. Our accumulated losses as of January 1, 2023 were primarily attributable to costs incurred during the development stage of our business prior to commercialization. For further details, see "Financial Information — Results of Operations — Non-IFRS Measures."

Revenue

Our revenue increased significantly from RMB17.5 million in 2023 to RMB79.8 million in 2024 and further to RMB281.7 million in 2025, primarily driven by the growing demand for our robotic direct drive actuator modules, which also accounted for an increasing proportion of our total revenue. Our revenue increased from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026, primarily attributable to an increase in our shipment volumes of robotic direct drive actuator modules from approximately 4.5 million to 5.8 million over the same periods, reflecting increased demand driven by greater penetration among existing customers and the continued expansion of our customer base from 90 to 123 during the same period. Our total operating expenses increased from RMB64.4 million in 2023 to RMB89.4 million in 2024 and further to RMB167.1 million in 2025, primarily due to (i) higher research and development expenses in line with our ongoing expansion of product offerings, and (ii) higher administrative expenses mainly attributable to share-based payment expenses and increased staff costs in line with business expansion. Our total operating expenses increased from RMB47.0 million in the six months ended June 30, 2025 to RMB144.8 million in the six months ended June 30, 2026, primarily attributable to (i) an increase in administrative expenses, mainly due to share-based payment expenses, and (ii) an increase in research and development expenses, which were in line with our business growth. As a percentage of our revenue, our total operating expenses decreased from 367.0% in 2023 to 112.0% in 2024 and further to 59.3% in 2025 as our revenue scaled. Total operating expenses as a percentage of revenue increased from 32.8% in the six months ended June 30, 2025 to 72.3% in the six months ended June 30, 2026, primarily attributable to the increase in administrative expenses and research and development expenses as our business expanded. For further details, see "Financial Information — Results of Operations."

Our Cost Structure

Our key raw materials primarily include enameled copper wire, iron core, magnet, sealing rings, PCBAs, packaging materials, electronic components and machined parts. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of materials amounted to RMB7.2 million, RMB42.0 million, RMB150.3 million, RMB77.1 million and RMB110.2 million, respectively. Costs of materials were the largest component of our cost of sales, accounting for 47.0%, 65.1%, 67.9%, 66.0% and 69.3% of our cost of sales in the same periods, respectively. The following chart sets forth a breakdown of our cost of materials by component for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Magnet	1,645	23.0	8,394	20.0	27,053	18.0	11,532	15.0	20,276	18.4
Machined parts	1,144	16.0	1,679	4.0	6,012	4.0	17,252	22.4	20,210	18.3
Electronic components	1,001	14.0	11,752	28.0	30,059	20.0	21,507	27.7	31,263	28.4
Iron core	572	8.0	3,777	9.0	13,527	9.0	7,978	10.4	9,565	8.7
Enameled copper wire	429	6.0	5,037	12.0	40,580	27.0	9,597	12.5	18,733	17.0
Others(1)	2,360	33.0	11,332	27.0	33,065	22.0	9,219	12.0	10,149	9.2
Total	**7,152**	**100.0**	**41,972**	**100.0**	**150,297**	**100.0**	**77,086**	**100.0**	**110,196**	**100.0**

Note:

(1) Primarily include packaging materials, wires and auxiliary material.

Gross Profit and Gross Profit Margin

Our gross profit increased throughout the Track Record Period, from RMB2.4 million in 2023 to RMB15.4 million in 2024 and further to RMB60.6 million in 2025, and from RMB26.5 million in the six months ended June 30, 2025 to RMB41.4 million in the same period in 2026, driven by increases in gross profit from both our robotic direct drive actuator modules and robots, which accounted for the majority of our revenue over the same periods, in line with our rapid revenue growth and business expansion. Our gross profit margin also improved throughout the Track Record Period, from 13.5% in 2023 to 19.3% in 2024 and further to 21.5% in 2025, and improved from 18.5% in the six months ended June 30, 2025 to 20.7% in the same period in 2026, primarily attributable to enhanced cost management, including

(i) continuous optimization of our product designs, through ongoing improvements to the internal design of our motors, how their components work together, and how heat is managed (ii) lower unit material costs through enhanced supply chain bargaining power and improved procurement efficiency, achieved as our procurement volumes scaled significantly in line with revenue growth, and (iii) reduced unit manufacturing overhead costs driven by economies of scale and improved operational efficiency. See "Financial Information — Results of Operations — Gross Profit and Gross Profit Margin." The following table sets forth a breakdown by product categories of our gross profit for the periods indicated.

	Year Ended December 31,						**Six Months Ended June 30,**			
	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)			
Robotic Actuator Modules										
Robotic direct drive actuator modules										
Consumer applications	110	3.4	8,213	12.8	47,582	19.2	21,793	16.6	28,428	17.2
Industrial and commercial applications	1,072	9.7	3,089	36.4	5,885	29.6	2,136	32.5	5,766	27.5
Industrial applications(1)	(70)	(7.1)	1,290	55.8	1,265	44.3	445	44.3	1,724	25.1
Commercial applications	1,142	11.4	1,799	29.1	4,620	27.3	1,691	30.3	4,042	28.6
Subtotal	1,182	8.3	11,302	15.6	53,467	20.0	23,929	17.4	34,194	18.4
Embodied joint modules	5	33.3	1,437	53.6	2,423	35.6	1,082	36.4	964	29.2
Subtotal	1,187	8.3	12,739	16.9	55,890	20.4	25,011	17.8	35,158	18.6
Robots	1,175	35.4	2,657	57.3	4,695	64.3	1,473	56.4	6,249	56.5
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

Note:

(1) We incurred a gross loss for robotic direct drive actuator modules used in industrial applications in 2023, primarily due to higher per-unit production costs associated with product development and prototype production at the early stage of our industrial application business.

The following table sets forth a breakdown by sales channel of our gross profit for the periods indicated.

	Year Ended December 31,						**Six Months Ended June 30,**			
	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)			
Robotic Actuator Modules										
Offline direct sales	1,157	8.2	12,592	16.8	55,571	20.3	24,822	17.7	35,087	18.6
Online direct sales	30	53.6	147	46.2	319	62.7	190	59.2	71	60.2
Subtotal	1,187	8.3	12,739	17.0	55,890	20.4	25,012	17.8	35,158	18.6
Robots										
Offline direct sales	340	21.0	1,989	59.1	4,196	65.7	1,356	56.7	6,159	58.1
Distributorship	189	36.0	668	52.3	499	54.4	116	52.5	90	18.9
Online direct sales	646	55.0	—	—	—	—	—	—	—	—
Subtotal	1,175	35.4	2,657	57.2	4,695	64.2	1,472	56.4	6,249	56.5
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

The following table sets forth a breakdown of our gross profit and gross profit margin by type of customer for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	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)			
Robot providers	2,170	12.7	14,521	18.5	60,174	21.4	26,235	18.3	41,378	20.7
Research institutions	192	49.4	875	71.4	411	69.1	249	82.5	29	22.7
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total current assets	26,191	86,536	510,559	595,171
Total current liabilities	(157,827)	(286,111)	(1,555,000)	(1,985,200)
Net current liabilities	**(131,636)**	**(199,575)**	**(1,044,441)**	**(1,390,029)**
Total non-current assets	13,351	14,647	35,172	60,669
Total non-current liabilities	(2,081)	(13,681)	(10,088)	(18,010)
Net liabilities	**(120,366)**	**(198,609)**	**(1,019,357)**	**(1,347,370)**

Our net current liabilities increased from RMB131.6 million as of December 31, 2023 to RMB199.6 million as of December 31, 2024 and further to RMB1,044.4 million as of December 31, 2025, primarily due to increases in our redemption liabilities arising from Pre-**[REDACTED]** Investments and the increase in fair value of existing redemption liabilities, and increases in trade payables as our business expanded, partially offset by increases in cash and cash equivalents and trade and bills receivables. Our net current liabilities increased from RMB1,044.4 million as of December 31, 2025 to RMB1,390.0 million as of June 30, 2026, primarily due to our redemption liabilities on equity shares arising from Pre-**[REDACTED]** Investments and the increase in fair value of existing redemption liabilities, and increases in trade payables as our business continued to expand, partially offset by increases in trade receivables and inventories.

Our net liabilities increased from RMB120.4 million as of December 31, 2023 to RMB198.6 million as of December 31, 2024 and further to RMB1,019.4 million as of December 31, 2025, primarily attributable to (i) net losses of RMB75.6 million, RMB93.7 million and RMB881.0 million in 2023, 2024 and 2025, (ii) investments with redemption rights of RMB19.7 million, RMB70.0 million and RMB436.8 million, and (iii) share-based payments of RMB2.1 million, RMB15.4 million and RMB58.8 million during the same periods, respectively as adjusted by recognition of redemption liabilities of RMB19.7 million, RMB70.0 million and RMB436.8 million in the same periods. Our net liabilities increased from RMB1,019.4 million as of December 31, 2025 to RMB1,347.4 million as of June 30, 2026, primarily attributable to (i) net loss of RMB390.7 million in the six months ended June 30, 2026, (ii) share-based payments of RMB62.7 million, and (iii) investments with redemption rights of RMB44.8 million during the same period, as adjusted by recognition of redemption liabilities of RMB44.8 million in the same period. Upon [**REDACTED**], the redemption liabilities will be re-designated from financial liabilities to equity as a result of their automatic conversion into ordinary shares and we expect that such re-designation would result in our net liabilities position turning into a net assets position.

Summary of Consolidated Statements of Cash Flows

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

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Net cash flows used in operating activities	(52,960)	(66,687)	(69,563)	(29,395)	(64,795)
Net cash flows used in investing activities	(2,950)	(4,787)	(16,389)	(8,079)	(12,949)
Net cash flows generated from financing activities	17,536	86,902	424,220	182,668	19,170
Net (decrease)/increase in cash and cash equivalents	**(38,374)**	**15,428**	**338,268**	**145,194**	**(58,574)**
Cash and cash equivalents at the beginning of the year/period	38,786	412	15,840	15,840	353,871
Effect of foreign exchange rate changes, net	—	—	(237)	—	(1,775)
Cash and cash equivalents at the end of the year/period	**412**	**15,840**	**353,871**	**161,034**	**293,522**

During the Track Record Period, we recorded net cash flows used in operating activities, primarily reflecting our position as a rapidly growing Specialist Technology Company in the expansion phase, as well as significant investments in working capital, particularly increases in trade receivables and inventories to support our sales growth. For further details, see "Financial Information — Liquidity and Capital Resources — Cash Flow Analysis."

In 2023, we had net cash flows used in operating activities of RMB53.0 million, primarily attributable to loss before tax of RMB75.6 million, adjusted by non-cash and non-operating items such as changes in the carrying amount of the redemption liabilities of RMB12.3 million, share-based payment expenses of RMB2.1 million and write-down of inventories of RMB2.9 million. The cash outflow was further impacted by changes in working capital, primarily including an increase in inventories of RMB12.0 million and an increase in trade receivables of RMB6.3 million, partially offset by an increase in trade payables of RMB9.1 million and an increase in other payables and accruals of RMB8.1 million. In 2024, we had net cash flows used in operating activities of RMB66.7 million, primarily attributable to loss before tax of RMB93.7 million, adjusted by (i) items mainly including changes in the carrying amount of the redemption liabilities of RMB16.8 million, share-based payment expenses of RMB15.4 million, as well as (ii) changes in working capital, primarily including an increase in trade receivables of RMB34.6 million and an increase in inventories of RMB14.0 million, partially offset by an increase in trade payables of RMB27.1 million. In 2025, we had net cash flows used in operating activities of RMB69.6 million, primarily attributable to loss before tax of RMB881.0 million, adjusted by (i) non-cash and non-operating items, including changes in the carrying amount of the redemption liabilities of RMB770.1 million, share-based payment expenses of RMB58.8 million, and (ii) changes in working capital, primarily including an increase in trade and bills receivables of RMB39.1 million and an increase in debt investment at FVOCI of RMB22.7 million, partially offset by an increase in other payables and accruals of RMB24.2 million. In the six months ended June 30, 2026, we had net cash flows used in operating activities of RMB64.8 million, primarily attributable to loss before tax of RMB390.7 million, adjusted by (i) non-cash and non-operating items, including changes in the carrying amount of the redemption liabilities of RMB284.6 million and share-based payment expenses of RMB62.7 million, as well as (ii) changes in working capital, primarily including an increase in trade and bills receivables of RMB93.8 million and an increase in inventories of RMB52.6 million, partially offset by an increase in trade payables of RMB88.4 million.

Working Capital Sufficiency

Our cash burn refers to the average monthly aggregate amount of net cash used in operating activities, payments for property and equipment, payments for intangible assets, and lease payments. Our historical average monthly cash burn was RMB5.1 million, RMB6.1 million, RMB7.4 million and RMB13.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The increase in our cash burn during the Track Record Period primarily reflects our transition from early-stage commercialization to large-scale commercial operations, including (i) our continued investment in research and development activities to enhance our product offerings, (ii) expansion of our operational infrastructure to support business growth, and (iii) increased working capital requirements as our revenue scale expanded. The significant increase in our cash burn in the six months ended June 30, 2026 was primarily due to (i) increased R&D expenses, primarily driven by higher cash expenditures on raw materials and staff costs as we expanded our R&D activities and increased our R&D personnel, to better respond to strong market demand, and (ii) increased administrative expenses, primarily driven by higher staff costs, office expenses and professional service fees in line with our business expansion, as well as non-recurring **[REDACTED]** incurred in connection with the **[REDACTED]**.

Assuming that our average monthly cash burn going forward will be RMB13.2 million, similar to the cash burn level in the six months ended June 30, 2026 to account for increased operating expenses in line with our business expansion, and considering that (i) we do not expect a material increase in the number of our employees; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents as of June 30, 2026 will be able to maintain our financial viability for approximately [**REDACTED**] months from June 30, 2026 to **[REDACTED]** without taking into account **[REDACTED]** from the **[REDACTED]**, or approximately **[REDACTED]** months from June 30, 2026 to **[REDACTED]** if we take into account **[REDACTED]**% of the estimated **[REDACTED]** from the **[REDACTED]**, or approximately **[REDACTED]** months from June 30, 2026 to **[REDACTED]** if we take into account 100% of such **[REDACTED]**. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. For further details, see "Financial Information — Working Capital Sufficiency."

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the periods indicated. For further details, see "Financial Information — Key Financial Ratios."

	As of/For the Year Ended December 31,			As of/For Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Revenue growth rate (%)	N/A	355.0	253.0	N/A	39.7
Gross profit margin (%)	13.5	19.3	21.5	18.5	20.7
Gross profit growth rate (%)	N/A	551.8	293.5	N/A	56.3
Net loss margin (%)	(431.0)	(117.5)	(312.7)	(22.7)	(195.1)
Adjusted net loss margin (non-IFRS measure) (%)	(349.1)	(77.2)	(15.4)	(13.7)	(13.7)
Current ratio	0.2	0.3	0.3	0.6	0.3
Quick ratio	0.1	0.2	0.3	0.5	0.3

RULE 13.48(1) OF THE LISTING RULES

Rule 13.48(1) of the Listing Rules requires an issuer to send an interim report or a summary interim report to its shareholders within three months after the first six months of each financial year. Since (1) this document already includes the financial information of the Company for the six months ended June 30, 2026 in Appendix I, as required under Appendix D2 to the Listing Rules in relation to interim reports; (2) we will not be in breach of the Articles of Association, laws and regulations of the PRC or other regulatory requirements as a result of not distributing such interim reports; and (3) we comply with the code provisions in Part 2 of the Corporate Governance Code, except for code provision C.2.1 of part 2 of the Corporate Governance Code (See "Directors and Senior Management — Management and Corporate Governance — Corporate Governance" for further details), we will not separately prepare and send an interim report in respect of the six months ended June 30, 2026 pursuant to the Note to Rule 13.48(1) of the Listing Rules. In addition, we will issue an announcement no later than September 30, 2026, stating that we will not separately prepare and send an interim report to our Shareholders for the six months ended June 30, 2026, as the relevant financial information has been included in this document.

RISK FACTORS

We are a Specialist Technology Company seeking **[REDACTED]** on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules. Our business and the **[REDACTED]** involve certain risks as set out in "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to **[REDACTED]** in our Shares. We have categorized these risks and uncertainties into: (i) risks relating to our general operations and industry, (ii) risks relating to the research and development and intellectual property rights, (iii) risks relating to our financial condition and need for additional capital, (iv) risks relating to doing business in the countries and regions where we operate, and (v) risks relating to the **[REDACTED]**. We believe the most significant risks we face include but are not limited to the following: (i) We have a limited operating history, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance; (ii) We have a limited track record in the commercialization of our products; (iii) The size of our addressable markets and the demand for our products may not increase as rapidly as we anticipate due to a variety of factors; (iv) failure to compete successfully against our competitors may adversely affect our results of operations; (v) Rapid technological changes and the emergence of alternative technologies or products could render our existing products less competitive or obsolete; (vi) Any failure to execute or adjust sales and marketing strategies effectively may materially and adversely affect our results of operations; (vii) We are subject to customer concentration risk; (viii) We may face supply chain risks as a result of our reliance on a limited number of suppliers and vendors; (ix) Increases in costs of the parts and components could adversely affect our results of operations; (x) We may be unable to attract, retain and motivate key individuals effectively; and (xi) We may face claims of intellectual property infringement or trade secret appropriation. For further details, see "Risk Factors."

LEGAL PROCEEDINGS AND COMPLIANCES

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. In addition, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business during the Track Record Period and up to the Latest Practicable Date.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company was held as to (i) approximately 21.96% by Worang Zhonghe, which was controlled by Mr. Zhang, (ii) approximately 15.92% by Worang

Zhongchuang, which was controlled by its general partner Juwuxian, a company wholly owned by Mr. Zhang, (iii) approximately 3.42% by Guyuan Investment, which was controlled by Juwuxian as its general partner and ultimately controlled by Mr. Zhang. The general partner of each of Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3, which are limited partners of Worang Zhongchuang, is also Juwuxian. Therefore, Mr. Zhang was entitled to exercise a total of approximately 41.30% of the voting power at general meetings of our Company.

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Zhang will be entitled to exercise a total of **[REDACTED]**% of the voting power at general meetings of our Company. Upon **[REDACTED]**, Mr. Zhang, Worang Zhonghe, Worang Zhongchuang, Guyuan Investment, Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3 and Juwuxian will together constitute a group of our Controlling Shareholders. See "Relationship with Our Controlling Shareholders" for further details.

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-**[REDACTED]** Investments. For details of the background of our key Pre-**[REDACTED]** Investors and the principal terms of the Pre-**[REDACTED]** Investments, see "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments."

[REDACTED] FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the **[REDACTED]** of, and the permission to **[REDACTED]** in, the H Shares in **[REDACTED]** and to be **[REDACTED]** pursuant to (i) the **[REDACTED]**, (ii) the exercise of the **[REDACTED]** and (iii) the Conversion of Unlisted Shares into H Shares on the basis that, among other things, we satisfy the requirements under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing Rules) with reference to our expected **[REDACTED]** at the time of **[REDACTED]**, which, based on the **[REDACTED]** of HK$**[REDACTED]**, exceeds HK$**[REDACTED]**.

[REDACTED]

[REDACTED] EXPENSES

Our **[REDACTED]** expenses 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 **[REDACTED]** fee, the estimated total **[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[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 gross **[REDACTED]**, was or 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]**. We recognized **[REDACTED]** of RMB**[REDACTED]** in our consolidated financial statements during the Track Record Period.

FUTURE PLANS AND USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]**, after deducting **[REDACTED]**, fees and estimated expenses payable by us in connection with the **[REDACTED]**, assuming the **[REDACTED]** is not exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**. For further details, see "Future Plans and Use of **[REDACTED]**." We intend to use the **[REDACTED]** of the **[REDACTED]** for the following purposes:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities in key robotics technologies. Specifically, we plan to use **[REDACTED]**% to optimize the performance of our robotic direct drive actuator modules by addressing core technological bottlenecks in high power density and high-efficiency motors, and **[REDACTED]**% to improve robot and modular assembly technology, including enhancing AI integration and deepening research on modular reconfiguration technology.
- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used to deepen our collaboration with industry partners and broaden our sales network. Specifically, we plan to use **[REDACTED]**% to strengthen our sales and service capabilities in both domestic and overseas markets, and **[REDACTED]**% to strengthen collaboration across the robotics value chain by deepening engagement with downstream customers and upstream suppliers.
- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for improving our production capability and efficiency. Specifically, we plan to use **[REDACTED]**% to construct highly automated flexible production lines to enhance the mass production capabilities of our robotic actuator modules, and **[REDACTED]**% to optimize manufacturing processes by integrating Industrial Internet of Things ("**IIoT**") and data intelligence technologies.
- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for working capital and general corporate purposes.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period. We do not maintain a formal dividend policy or have a fixed dividend distribution ratio. Any future declarations and payments of dividends will be at the discretion of our Board and subject to our constitutional documents and applicable laws. As advised by our PRC Legal Adviser, we currently cannot pay dividends to our Shareholders as there are no distributable profits in view of our accumulated losses. Furthermore, 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 further details, see "Financial Information — Dividends."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

From July 1, 2026 to July 31, 2026, the shipment volume of our robotic direct drive actuator modules and robots amounted to approximately 0.5 million units and 41 units, respectively. For further details, see "Business — Our Products — Our Product Portfolio — Our Product Categories

— Robots." Our Directors confirm that, up to the date of this document there has been no material adverse change in our financial or trading position or prospects since June 30, 2026, being the end date of the periods reported in the Accountants' Report set out in Appendix I, and there is no event since June 30, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I. We expect to record a net loss in 2026, primarily due to share-based payment expenses and continued investment in research and development as we further expand our business operations, and **[REDACTED]**. We also expect our financial performance in 2026 to continue to be affected by non-cash changes in the carrying amount of our redemption liabilities.

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 of Technical Terms."

"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 December 31, 2025 with effect from the **[REDACTED]**, as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix V to this document
"Audit Committee"	the audit committee of our Board
"Beijing Direct Drive"	Beijing Direct Drive Technology Limited (北京本末清葉科技有限公司), a limited liability company established under the laws of the PRC on July 5, 2024, and our wholly-owned subsidiary
"Board"	the board of Directors
"Business Day" or "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" or "PRC" or "Chinese Mainland"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company," "our Company," "we," "our" or "us"	Direct Drive Tech Limited (本末動力(北京)科技股份有限公司) (formerly known as Dongguan Direct Drive Technology Co., Ltd. (東莞市本末科技有限公司) and Direct Drive (Beijing) Technology Co., Ltd. (本末動力(北京)科技有限公司)), a company established under the laws of the PRC with limited liability on March 17, 2020 and converted into a joint stock company with limited liability on December 11, 2025

"Controlling Shareholder(s)"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in "Relationship with Our Controlling Shareholders" in this document
"Conversion of Unlisted Shares into H Shares"	the conversion of **[REDACTED]** Unlisted Shares (immediately following the Share Subdivision) in aggregate held by our existing Shareholders into H Shares upon the completion of the **[REDACTED]**. Such conversion of Unlisted Shares into H Shares has completed the filing procedures with the CSRC on June 4, 2026 and an **[REDACTED]** for H Shares to be **[REDACTED]** on the Stock Exchange has been made
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Dongguan Direct Drive"	Dongguan Direct Drive Technology Limited (東莞市本末禾葉科技有限公司), a limited liability company established under the laws of the PRC on November 23, 2018, and our wholly-owned subsidiary
"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稅法》), as amended, supplemented or otherwise modified from time to time
"Employee Stock Ownership Scheme"	the employee stock ownership scheme adopted by our Company in January 2023 and amended in 2025, the principal terms of which are summarized in "Appendix VI — Statutory and General Information — D. Employee Stock Ownership Scheme"
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

"Frost & Sullivan" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party, and a market research firm engaged by our Company to prepare an industry report, the details of which are set out in "Industry Overview"

"Frost & Sullivan Report"	an independent market research report commissioned by us and prepared by Frost & Sullivan for the purpose of this document

[REDACTED]

"Group," "our Group," "we," "our" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangdong Direct Drive"	Guangdong Direct Drive Technology Limited (本末動力(廣東)有限公司), a limited liability company established under the laws of the PRC on January 22, 2025, and our wholly-owned subsidiary
"Guide for New Listing Applicants"	the Guide for New Listing Applicants published by the Stock Exchange and as amended, supplemented or otherwise modified from time to time
"Guyuan Investment"	Dongguan Guyuan Investment Partnership Enterprise (Limited Partnership) (東莞市固源投資合夥企業（有限合夥）), a limited partnership established on August 27, 2025 in the PRC, one of our Controlling Shareholders
"H Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB0.10 each, which are to 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" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Direct Drive"	Direct Drive Technology Limited (本末動力科技有限公司), a limited company incorporated under the laws of Hong Kong on March 19, 2026, and our wholly-owned subsidiary
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"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

[REDACTED]

[REDACTED]

"Juwuxian"	Dongguan Juwuxian Enterprise Management Consulting Co., Ltd. (東莞市聚無限企業管理諮詢有限公司), a company established on November 17, 2022 in the PRC and controlled by Mr. Zhang, one of our Controlling Shareholders
"Latest Practicable Date"	September 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
"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

"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zhang"	Mr. ZHANG Di (張笛), our founder, chairman of our Board, executive Director, chief executive officer and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"NPCSC"	the National People's Congress Standing Committee (中華人民共和國全國人民代表大會常務委員會)

[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 Legal Advisor"	Han Kun 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
"Pre-[REDACTED] Investment(s)"	the investment(s) in our Company undertaken by the Pre-**[REDACTED]** Investors prior to the **[REDACTED]**, the details of which are set out in "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments" in this document

"Pre-[REDACTED] Investor(s)"	the investor(s) who participated in our Pre-**[REDACTED]** Investment(s) as named in the section headed "History, Development and Corporate Structure—Pre-**[REDACTED]** Investments—Information on Our Pre-**[REDACTED]** Investors" in this document
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our 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)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"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 shares in the capital of our Company with a nominal value of RMB0.10 each upon the completion of the Share Subdivision, comprising Unlisted Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of our Share(s)
"Share Subdivision"	the subdivision of our Shares whereby each of our Shares with par value of RMB1.00 each shall be sub-divided into 10 Shares with par value of RMB0.10 each, and such Share Subdivision shall take effect immediately before the **[REDACTED]**, the details of which are set out in the section headed "History, Development and Corporate Structure" in this document
"Shenzhen Direct Drive"	Shenzhen Direct Drive Technology Limited (深圳市本末福葉科技有限公司), a limited liability company established under the laws of the PRC on December 21, 2022, and our wholly-owned subsidiary
"Sole Sponsor"	CITIC Securities (Hong Kong) Limited

[REDACTED]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Tianjin Direct Drive"	Tianjin Direct Drive Technology Limited (本末天葉(天津)科技有限公司), a limited company established under the laws of the PRC on October 21, 2025, and our wholly-owned subsidiary
"Track Record Period"	the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026
"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
"Unlisted Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB0.10 each upon the completion of the Share Subdivision, which is/are subscribed for and paid up in Renminbi and not listed or traded on any stock exchange
"VAT"	value-added tax

[REDACTED]

"Worang Zhongchuang"	Dongguan Worang Zhongchuang Equity Investment Partnership Enterprise (Limited Partnership) (東莞市沃壤眾創股權投資合夥企業（有限合夥)), a limited partnership established on June 10, 2020 in the PRC, and one of our Controlling Shareholders
"Worang Zhonghe"	Dongguan Worang Zhonghe Equity Investment Partnership Enterprise (Limited Partnership) (東莞市沃壤眾合股權投資合夥企業（有限合夥)), a limited partnership established on June 2, 2020 in the PRC, and one of our Controlling Shareholders
"Zhongchuang No. 1"	Dongguan Worang Zhongchuang No. 1 Investment Partnership Enterprise (Limited Partnership) (東莞市沃壤眾創一號投資合夥企業(有限合夥)), a limited partnership established on December 3, 2025 in the PRC, an employee stock ownership platform of our Company and one of our Controlling Shareholders

"Zhongchuang No. 2"	Dongguan Worang Zhongchuang No. 2 Investment Partnership Enterprise (Limited Partnership) (東莞市沃壤眾創二號投資合夥企業(有限合夥)), a limited partnership established on December 10, 2025 in the PRC, an employee stock ownership platform of our Company and one of our Controlling Shareholders
"Zhongchuang No. 3"	Dongguan Worang Zhongchuang No. 3 Investment Partnership Enterprise (Limited Partnership) (東莞市沃壤眾創三號投資合夥企業(有限合夥)), a limited partnership established on December 3, 2025 in the PRC, an employee stock ownership platform of our Company and one of our Controlling Shareholders
"%"	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.

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"actuator"	a component in an electromechanical system that converts energy into controlled mechanical motion
"actuator joint"	a joint in a robotic system that produces active motion through an integrated motion unit, such as an actuator module
"Ah"	ampere-hour, a unit of electric charge
"algorithm"	a procedure or set of rules used in calculation and problem-solving by computer systems
"AMR(s)"	autonomous mobile robot, a robot capable of navigating its surrounding environment without human oversight
"API"	application programming interface, a type of software interface offering a service to other pieces of software
"backlash"	the clearance between meshing components such as gears and lead screws, which produces lost motion when the direction of motion reverses
"biomimetic locomotion mechanisms"	engineered systems that emulate the movement principles, morphological adaptations, and control strategies of biological organisms to improve robotic performance, efficiency and adaptability
"CAGR"	compound annual growth rate, calculated by dividing the ending value by the beginning value, raised to the power of one divided by the number of years, minus one
"cogging torque"	the periodic torque ripple generated by the interaction between permanent magnets and stator core slots in a permanent magnet motor when no current is applied
"controller"	a component that controls a motor and its electronic circuits to perform functions such as starting, braking, speed regulation and protection of the motor
"dB"	decibel, a logarithmic unit used to measure the ratio of two physical quantities, most commonly associated with sound intensity, electrical power, or signal strength
"encoder(s)"	electromechanical devices designed to convert mechanical motion into electrical signals, which can provide feedback on angular velocity and displacement
"Eight degree-of-freedom"	the configuration of a robotic system that provides eight independently driven axes of motion

"End-effector"	the device or tool attached to the distal end of a robotic system that directly interacts with the workpiece or environment to perform the robot's primary task
"ERP"	enterprise resource planning, integrated software that manages core business processes and consolidates data across functions such as finance and supply chain
"ESG"	environmental, social and governance
"Field-weakening"	a control algorithm in electric motors that reduces the magnetic flux by applying negative d-axis current when voltage limits are reached, allowing operation above base speed at the expense of reduced torque
"GFA"	gross floor area
"harmonic injection techniques"	a control technique that injects calculated current harmonics which interact with the motor's inherent field harmonics to produce a torque component that cancels existing torque ripple, particularly at low speed
"high-precision positioning"	the ability of a robot or actuator to move its end-effector to a specified point with very small absolute error and high repeatability
"mass production"	a large-scale production phase that adopts advanced manufacturing and engineering facilities to achieve consistent product quality
"model-based control algorithm"	an algorithm that uses a mathematical model of the motor's dynamics, together with its measured current and speed, to predict short-term behavior, evaluate alternative control actions and apply the optimal input in real time
"motor"	the core unit of a robotic actuator module that generates rotational torque through electromagnetic interaction between the stator and the rotor
"multi-degree-of-freedom"	a characteristic of a mechanical or robotic system that denotes the number of independent axes or motions it can perform, enabling complex spatial manipulation, orientation and coordinated robotic manipulation
"LiDAR"	light detection and ranging, a remote sensing technology that uses laser pulses to measure distance and build 3D maps of objects and environments
"modular hardware architecture"	a design principle that enables flexible robot configuration by combining standardized functional hardware modules
"Nm"	Newton-meter, a unit of torque
"Nm/A"	Newton-meter per ampere, the motor's torque constant, equal to the steady-state mechanical torque produced per ampere of winding current

"Nm/cm^3"	Newton-meter per cubic centimeter, the rated torque per cubic centimeter of the motor's active volume, typically the volume enclosing the stator, rotor, windings and magnets
"Nm/kg"	Newton-meter per kilogram, the rated torque per kilogram of the motor's active mass under rated conditions
"Over-modulation"	a pulse width modulation technique in motor drives that allows the modulation index to exceed 1.0, introducing controlled distortion in output voltages to extend the available fundamental voltage beyond the linear modulation range, thereby increasing maximum speed or torque capability
"payload"	the maximum weight a robot can carry at its end effector without compromising performance or safety
"PCB"	printed circuit board, an electronic assembly that uses conductors to create electrical connections between components
"PCBA(s)"	printed circuit board assembly, a printed circuit board on which electronic components have been mounted, ready for integration into a device
"permanent magnet synchronous motor(s)"	a synchronous motor whose rotor carries permanent magnets and turns in step with the stator's rotating magnetic field
"PLM"	product lifecycle management
"**rare earth permanent magnets**"	powerful magnets made from rare earth elements, primarily neodymium and samarium, known for their exceptional magnetic strength
"Real2Sim"	reality-to-simulation transfer, creating digital representations of real environments, objects and dynamics from sensor data for robotic training, testing or validation
"roll-angle"	the angle of rotation around the longitudinal axis of an object in three-dimensional space, measured in degrees. It represents side-to-side tilting motion
"rotor"	the rotating part inside the stator that converts electrical energy into mechanical energy
"rpm"	revolutions per minute, a unit of rotational speed
"R&D"	research and development
"servo"	a closed-loop control system that utilizes feedback to precisely regulate a motor's position, velocity, acceleration, and torque for accurate, repeatable motion
"servo controller"	the controller for a robot's joint motors, regulating position, velocity, acceleration and output torque so that the robot moves accurately and repeatably and applies appropriate, controlled force

"servo driver"	a device that receives motion commands from the controller and regulates the power sent to the servo motor
"Sim2Real"	simulation-to-reality transfer, applying models, algorithms or control policies trained in simulation to robots despite differences between simulated and physical environments
"stator"	the stationary part of a motor that generates a rotating magnetic field when electric current is applied
"torque density"	the torque a motor can deliver per unit of weight or volume
"torque ripple"	periodic fluctuation of instantaneous motor torque above and below its average value during rotation
"voltage"	the electric potential difference between two points, equal to the electric potential energy difference per unit of charge

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 may involve significant risks. Potential* **[REDACTED]** *should read and consider carefully all the information set out in this document, and, in particular, should evaluate the following risks and uncertainties before deciding to make any* **[REDACTED]** *in our H Shares. Any of the risks and uncertainties listed below could have a material adverse effect on our business, results of operations, financial condition or on the* **[REDACTED]** *of our H Shares, and could cause you to 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."*

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

We have a limited operating history, which makes it difficult to evaluate our business and prospects, and our historical growth may not be indicative of our future performance.

We have a limited operating history compared to some of our competitors. Since our establishment in 2020, our operations have focused on developing and commercializing our products, and we only recently began to generate commercial orders and shipments. As a result of our limited history, and particularly in light of the rapidly evolving nature of the global robot industry, especially the global consumer robotic actuator module industry and the global wheel-legged robot industry, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, or financial condition, and we may encounter unforeseen expenses, difficulties, complications, delays and other factors, and may not be able to achieve promising results in future periods. If we cannot address these risks, our business and prospects will be materially and adversely affected.

We have a limited track record in the commercialization of our products.

We have a limited track record in the commercialization of our products. Since our establishment in 2020, we have gradually advanced the commercialization of our two core business segments, namely, the robotic actuator module business and robot business. However, our ability to successfully commercialize our future products may involve additional risks and uncertainties. In particular, the commercialization of new products requires additional resources. The success of our sales and marketing efforts depends on our ability to attract, motivate and retain qualified employees who have, among other things, adequate and relevant technological and commercial expertise. There can be no assurance that the sales results of our products will meet our expectation, that third parties will purchase and deploy our products in their products and applications, or that we will be able to fully maintain quality control over our products, which would materially and adversely affect the commercialization of our products.

The size of our addressable markets and the demand for our products may not increase as rapidly.

Our products and underlying technologies are applied to the engineering/development of robots and automated systems. We are pursuing opportunities in markets that are undergoing rapid changes with uncertain timing and scale. For more details, see "Industry Overview — Analysis of Market Challenges, Threats and Entry Barriers." This document contains estimates concerning our industries that involve assumptions and limitations subject to significant uncertainty. Similarly, our internal estimates are based on assumptions which may not be correct or may change. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions, the addressable markets for our products may be smaller than we have estimated, our future growth opportunities and sales growth may be smaller than we estimate, and our business, results of operations and financial condition may be materially and adversely affected.

Failure to compete successfully against our competitors may adversely affect our results of operations.

The markets in which we operate, including the global consumer robotic actuator module industry and global wheel-legged robot industry, are competitive and rapidly evolving. According to Frost & Sullivan, the major players in China's robotic actuator module market are traditional actuator module companies. The top five players accounted for approximately 45% of the market share in terms of revenue while the rest of the market remains highly fragmented. We primarily compete with established robotic actuator module providers and robot providers. If we compete with players that have a longer operating history, or if we do not maintain financial resources, leading technological capabilities and a broader customer base, we may not be able to respond to new or changing opportunities, technologies, regulatory requirements or customer demand. We may also face competition from new entrants, who may offer competing products. Increased competition could result in lower sales volume, price reductions, shrinking profit margins or loss of market share. We may be required to make substantial additional investments in R&D, sales and marketing, talent recruitment and retention, and acquisition of technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such investments will be effective. If we are unable to compete successfully, our business, results of operations and financial condition may be materially and adversely affected.

Rapid technological changes and the emergence of alternative technologies or products could render our existing products less competitive or obsolete.

We operate in the global robot industry, especially the global consumer robotic actuator module industry and the global wheel-legged robot industry, which are characterized by rapid technological changes, evolving customer needs, and continuous product innovations. We develop our core technologies around three integrated technology pillars, including (i) robotic actuator module technology, (ii) wheel-legged robot technology, and (iii) modular reconfiguration technology. For more details, see "Business — Our Core Technologies." Our core products rely on the advancement and stability of the underlying technologies. Technology updates, changes in industry standards and customer application requirements may render our existing products less competitive or even obsolete. Any failure by us to continue to develop new or enhanced technologies or cost-effective products could result in reduced competitiveness, fewer market expansion opportunities, decreased revenue, loss of talent and loss of market share. As a result, our business, results of operations and financial condition may be materially and adversely affected.

Any failure to execute or adjust sales and marketing strategies effectively may adversely affect our results of operations.

Our ability to grow our revenue and achieve profitability depends on our ability to execute effective sales and marketing strategies for our products, and to adapt those strategies as market conditions evolve. We primarily sell to a limited number of downstream enterprise customers and other professional users, and our products typically require technical qualification, integration and validation before volume adoption. To succeed, we must be able to (i) identify and target the right application scenarios, (ii) communicate and prove the performance, cost and reliability advantages of our products in comparison with alternative approaches, and (iii) convert initial engineering engagements and pilot programs into repeat, scaled purchase orders. However, we may not be able to attract, train, motivate and retain personnel with the required expertise. In addition, if we fail to reposition our products, adjust pricing, expand into new geographies or customer segments, or reallocate focus among application scenarios, our sales pipeline could slow, our conversion of pilot projects into production orders could fall short of expectations, and our business, financial condition and results of operations could be materially and adversely affected.

We are subject to customer concentration risk.

In each year/period during the Track Record Period, the aggregate revenue generated from our five largest customers was RMB11.7 million, RMB66.5 million, RMB241.4 million and RMB162.9 million, respectively, accounting for 67.0%, 83.4%, 85.7% and 81.3% of our total revenue in the same periods, respectively. In each year/period during the Track Record Period, revenue from our largest customer was RMB3.9 million, RMB49.5 million, RMB120.5 million and RMB107.3 million, accounting for 22.3%, 62.1%, 42.8% and 53.6% of our total revenue in the same periods, respectively. For details, see "Business — Our Customers." As a result, we may be subject to concentration risks related to these major customers. If any of our major customers substantially reduce their demand for our products, delay their payments or terminate our business relationship, our business, financial condition and results of operations will be adversely affected.

We may face supply chain risks as a result of our reliance on a limited number of suppliers and vendors for certain components, equipment and services.

Many suppliers and vendors provide parts, components, equipment and services that are used in our business. For certain parts, components, equipment and services, we rely on a limited number of suppliers and vendors. In each year/period during the Track Record Period, our purchases from our five largest suppliers were RMB9.8 million, RMB26.5 million, RMB79.1 million and RMB74.4 million, respectively, representing 35.8%, 36.4%, 40.1% and 38.4% of our total purchases in the same periods, respectively. In each year/period during the Track Record Period, our purchases from our largest supplier were RMB3.8 million, RMB6.9 million, RMB20.8 million and RMB21.8 million, respectively, representing 14.0%, 9.6%, 10.6% and 11.3% of our total purchases in the same periods, respectively. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. Identifying and qualifying alternative or additional suppliers and vendors is often a lengthy process. The inability of suppliers or vendors to deliver necessary products or services can disrupt our production processes.

Increases in costs of the parts and components could adversely affect our results of operations.

Significant changes in the markets in which we purchase parts, components and other supplies for product production may adversely affect our profitability. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB15.2 million, RMB64.4 million, RMB221.1 million, RMB116.8 million and RMB158.9 million, respectively. Competitive and market pressures may limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on price increases to our customers when part or component prices increase rapidly or are significantly higher than historical levels would adversely affect our business, results of operations and financial condition.

We may be unable to attract, retain and motivate key individuals.

Attracting and retaining key individuals is critical to our business. The competition for highly skilled employees in our industry is intense. Our management and senior leadership team have significant industry experience. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified replacements. In addition, if our share-based compensation or other compensation programs cease to be viewed as competitive, our ability to attract, retain and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Our brand, reputation and customer relationships may be harmed by product defects, product liability claims, or failure to provide adequate maintenance and support services.

Negative publicity about our products, brand, Directors, employees, whether warranted or not, including allegations arising from product defects, customer disputes or matters beyond our control may adversely affect our brand, reputation and business. Our products and systems may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct after our products have been commercialized and integrated by our customers into their end products. Any such defects or performance issues could result in product recalls, repair or replacement costs, revenue loss, delays in market acceptance, or claims for compensation from customers or other parties. We may also become subject to product liability claims or other legal proceedings, which could be time-consuming, costly and may expose us to damages or other liabilities. In addition, we provide warranty coverage and maintenance and technical support services for our products. As our customer base expands, we may be unable to recruit or retain sufficient qualified support personnel or scale our support capabilities effectively, which may materially and adversely affect our business, results of operations and financial condition.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may enter into strategic alliances with third parties. Strategic alliances could subject us to risks associated with sharing proprietary information, non-performance by the counterparty, and expenses, any of which may materially and adversely affect our business. Future acquisitions and the subsequent integration of new assets, technologies and businesses would require significant attention from our management and could result in a diversion of resources from our existing businesses. Acquired assets, technologies or businesses may not generate the financial or operating results we expect. In addition, acquisitions could result in the use of substantial amounts of cash, dilutive issuances of equity securities, incurrence of debt, significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business.

Our overseas expansion and exposure to global macroeconomic and force majeure risks may adversely affect our operations and strategy.

Our sales network consists of direct sales and distributors that reach customers in multiple countries and regions globally. In 2023, 2024, 2025 and the six months ended June 30, 2026, revenue from overseas markets was RMB1.2 million, RMB26.0 thousand, RMB1.8 million and RMB 3.3 million, representing 6.9%, 0.03%, 0.6% and 1.7% of our total revenue in the same periods, respectively. Overseas markets may continue to require investment in the future, which could strain our resources, adversely affect our performance, and add more complexity to our operations. If any of our overseas operations, or our associates, agents or distributors, violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties. In addition, natural disasters, the outbreak of a widespread health epidemic or any severe epidemic disease, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions.

We export and sell our products to customers in multiple countries and regions. Many of these products may be subject to import tariffs, duties, customs requirements, export and re-export controls, technology restrictions, sanctions regimes and other trade measures. Such measures can increase our costs, limit or delay our ability to ship products or obtain components, reduce demand for our products, or require us to adjust pricing, which could make our products less competitive and adversely affect our margins.

For example, on July 28, 2026, the U.S. Federal Communications Commission (the "**FCC**") added "foreign-produced advanced robotic devices" to its list of communications equipment and services deemed to pose an unacceptable risk to U.S. national security (the "**Covered List**"). Devices included on the Covered List are generally ineligible for FCC equipment authorization, which is required for the lawful importation, marketing and sale of applicable radio frequency devices in the United States, unless an exemption or conditional approval is obtained. Certain of our products may fall within the scope of this designation. We cannot assure you that we will obtain any required exemption or approval in a timely manner or at all. As a result, our ability to introduce new products into the U.S. market may be adversely affected. Advanced robotic products that had obtained FCC equipment authorization prior to the Covered List designation may, in principle, continue to be imported, marketed, sold and used in the United States, unless the FCC subsequently takes action to revoke or restrict the relevant authorization. However, any future modification to such products that requires a new equipment authorization may be subject to the Covered List restrictions and therefore may not be authorized. Accordingly, even where our products sold in the U.S. market have obtained FCC equipment authorization, our ability to upgrade or modify such products for the U.S. market may be limited. Notwithstanding the above, during the Track Record Period, our revenue from the United States was minimal, amounting to approximately RMB0.5 million in aggregate. We do not anticipate any material increase in the revenue contribution of the U.S. market in the near term. Accordingly, we currently expect the impact of these restrictions on our operations and financial performance to be limited in the near term. However, the relevant U.S. policies may change, and we cannot assure you that any such change will not materially and adversely affect our business, financial condition, results of operations and prospects.

Meanwhile, we are subject to the risk that we, our employees or any third parties that we engage to do work on our behalf in certain countries may take action determined to be in violation of anti-corruption laws in any jurisdiction in which we conduct business, including the U.S. Foreign Corrupt Practices Act (the "**FCPA**"). Any violation of the FCPA or any similar anti-corruption law or regulation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions and might adversely affect our reputation, business, results of operations and financial condition.

In recent years, the United States has increased export control restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce ("**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the U.S. Department of the Treasury (the "**Department of Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**") to implement the Executive Order of August 9, 2023. The Final Rule became effective on January 2, 2025. The Final Rule applies to investments by U.S. persons in "covered transactions" involving a "covered foreign person" associated with a "country of concern" in "covered activities" in three sectors pertaining to national security technologies and products:

(1) semiconductors and microelectronics, (2) quantum information technologies and (3) artificial intelligence. For further details, see "Regulatory Overview - Final Rule by the U.S. Department of the Treasury."

As we design and develop robotics technology to support reinforced motion control and decision making for robots, with the aim of expanding their overall mobility and operational versatility, enabling the broad adoption of robots across diverse industries, based on the legal advice of our legal advisor as to U.S. foreign investment law, our Directors are of the view that we are a "Covered Foreign Person" in the context of "notifiable transactions" within the artificial intelligence sector. While the **[REDACTED]** of our H Shares is not a prohibited transaction under the Final Rule, U.S. persons would be subject to notification requirements to the Department of Treasury if they participate in the **[REDACTED]** prior to the **[REDACTED]**, which may increase the compliance burden of U.S. **[REDACTED]** and may cause certain U.S. **[REDACTED]** to adopt a more cautious approach in their **[REDACTED]**, affecting **[REDACTED]** sentiment towards us, and therefore our ability to raise capital from U.S. **[REDACTED]** may be negatively affected. In addition, as the relevant laws, regulations, and policies continue to evolve, we cannot rule out potential amendments to the Final Rule that further restrict U.S. person **[REDACTED]**. **[REDACTED]**, including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding any potential compliance obligations in relation to their **[REDACTED]** in us. The rules and regulations regarding U.S. outbound investment may be subject to further development. For example, President Donald Trump issued the America First **[REDACTED]** Policy on February 21, 2025 to, among other things, direct the U.S. Secretary of the Treasury to consider expanding restrictions on outbound investment to China into new sectors, as well as expanding coverage over more types of transactions. The memorandum also contemplates potential restrictions on investments in publicly traded securities by pension funds, university endowments and other limited partner investors. The memorandum does not change existing law or regulations. However, depending on how such policy is implemented, it may have a significant impact on how the U.S. government regulates U.S. outbound investments in China. U.S. investors seeking to invest in China may face expanded investment restrictions, which may negatively impact our ability to raise capital from U.S. **[REDACTED]**.

We use distributors to market and sell our products. If distributors are not able to operate successfully or we fail to maintain good relationships with such distributors, our business, financial condition and results of operations could be materially and adversely affected.

As of December 31, 2023, 2024, 2025 and June 30, 2026, there were five, 15, 13 and 16 distributors in our distribution network, respectively. During the Track Record Period, our revenues attributable to distributors were RMB0.5 million, RMB1.3 million, RMB0.9 million and RMB0.5 million, respectively. If the sales volumes of our products to distributors are not maintained at a satisfactory level, or if distribution orders fail to track end customers' demand, our distributors may not place new orders for products from us or they may reduce the quantity of their usual orders. There is no assurance that our distributors will comply with the terms of our distribution agreements or that we will be able to detect any non-compliance with the distribution agreements by any of our distributors. In addition, if we fail to maintain our relationships with a majority of distributors, or our distributors fail to operate successfully, our business, results of operations and financial condition will be adversely affected.

We are required to obtain, maintain or make certain approvals, licenses, permits and filings in jurisdictions where we operate, and failure to do so could materially and adversely affect our business.

We are required to obtain, maintain or make the requisite approvals, licenses, permits and filings for our business in China and other jurisdictions where we operate our business. During the Track Record Period, we did not obtain construction permits or make required filings for certain construction and renovation projects in a timely manner. The potential maximum penalty in respect of fines that we may be exposed to due to the lack of construction permits or filings amounted to approximately RMB27 thousand. Any failure to obtain, maintain or make any approvals, licenses, permits and filings necessary for our operations and construction of our facilities, may result in enforcement actions, including orders issued by the relevant regulatory authorities requiring us to cease our operations, and may include corrective measures requiring capital expenditure or remedial actions.

We cannot guarantee that our growth strategies will be successfully implemented or bring about outcomes as we expected.

We continue to execute a number of strategies to expand our business. See "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]**." However, expanding our business involves risks and challenges. These business initiatives are new and evolving, some of which may prove unsuccessful. It may also take a longer time than expected for us to develop the technologies and build market acceptance of our products, and we may not have sufficient experience in executing these new business initiatives effectively. We cannot assure you that our growth strategies will achieve expected results. If we fail to successfully commercialize our products and convert customer interest and pilot projects into repeat, scaled purchase orders, our business, results of operations and financial condition may be materially and adversely affected.

We collaborated with certain academic institutions for joint R&D projects and other initiatives, and the termination of such collaboration may adversely affect our technological development.

We have entered into, and expect to continue to enter into, partnerships with certain academic institutions, research laboratories and commercial partners for joint research and development projects and other initiatives. There can be no assurance that these partners will continue to collaborate with us at all. We also cannot assure you that we will be able to establish new partner relationships, or extend existing relationships with these partners when our agreements with them expire. Furthermore, certain of our agreements with these partners may be terminated on short notice or prior to their specified termination dates, and such partners may alter the contract terms previously agreed between us, and they are under no obligation to continue our collaboration or to provide us with continued access to resources. If we are unable to maintain our relationships with our key partners, our operations and development progress could be materially and adversely affected.

Any unexpected disruption at our production facilities could materially and adversely affect our business, results of operations and financial condition.

In the event of natural disasters, political events, extended outage of critical utilities or transportation systems, or other disruptions that limit or disrupt our ability to operate our production facilities, we may experience substantial losses, including loss of revenue from disrupted production. We may also need to incur substantial additional expenses, exceeding our insurance coverage to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted, which could have a material and adverse effect on our business, results of operations and financial condition.

Our insurance coverage may be insufficient to protect us from the liabilities we may incur or cover all of our potential losses.

We maintain various insurance policies based on our operational needs and industry standards during our course of business. During the Track Record Period and up to the Latest Practicable Date, we did not have any material insurance claim. For more details, see "Business — Insurance." We cannot assure you that our insurance coverage is sufficient to protect us against any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the amount of compensation is significantly less than our actual loss, our business, financial condition and results of operations may be materially and adversely affected.

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

We may be involved in legal proceedings and commercial or contractual disputes in the ordinary course of our business in China and other jurisdictions where we operate or sell our products and systems. We cannot assure you that we will not be involved in various legal and other disputes, whether as plaintiff or defendant, including claims relating to business matters, which may expose us to additional risks and losses. We may have to pay legal costs associated with such disputes. Litigation and other disputes 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. In addition, we enter into agreements with certain customers that include detailed technical, intellectual property, confidentiality and other performance obligations. If we are alleged to have failed to perform or fully comply with these obligations, any claims, penalties or termination arising from such situations could adversely affect our business relationships with such customers, expose us to financial liabilities and negatively impact our financial condition.

We may be subject to risks relating to labor laws and regulations, which may materially and adversely affect our business, results of operations and financial condition.

We are subject to labor laws and regulations in the PRC, including requirements to participate in various employee benefit plans such as social insurance, housing provident funds and other welfare payment obligations. Under PRC laws and regulations, employers are required to make adequate contributions to social insurance and the housing provident fund for eligible employees, and failure to do so may subject employers to orders for rectification, late payment surcharges and fines. We may not have been in full compliance with, and may in the future be found not to have been in full compliance with labor laws and regulations, including full contributions to social insurance or the housing provident fund for certain employees. An employer that has not made social insurance contributions at such rate and based on such amount as prescribed by the law may be ordered to rectify the non-compliance and pay the required contributions within a stipulated timeframe, and failure to fulfill the outstanding contributions and a late payment fee within the stipulated timeframe may result in fines ranging from one to three times the amount in arrears. In the event that we fail to pay the housing provident fund in full amount, the housing provident fund administrative center will order us to pay the amount within a prescribed time limit. If we fail to do so upon the expiration of the above-mentioned time limit, further application will be made to the court for compulsory enforcement. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice for payment of social insurance premium and housing provident funds, or administrative penalty arising from social insurance and housing provident fund contributions from the competent authorities. The potential maximum penalty in respect of fines that we may be exposed to due to shortfalls in social insurance contributions during the Track Record Period would account for approximately 27.3%, 9.3%, 3.3% and 1.0% of our revenue in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while the maximum potential enforcement amount arising from shortfalls in housing provident fund contributions during the Track Record Period would account for approximately 1.0%, 0.4%, 0.2% and 0.1% of our revenue in the same periods, respectively. However, the competent government authorities may require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us, or any of our employees may make complaints or demand for payment for any outstanding contribution. Under PRC laws and regulations, the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). Any failure by us to comply with the PRC regulations on labor dispatch may subject us to administrative penalties or other disciplinary actions, which could have a material adverse effect on our business operations. For further details, see "Business — Non-Compliance."

We lease properties in various places as premises primarily for our office spaces. Any non-renewal of leases, substantial increase in rent, or any third-party or government challenge to our leasehold interest may affect our business and financial performance.

As of the Latest Practicable Date, we leased 14 properties in China, primarily used as our offices, R&D centers and production base. We cannot assure you that we would be able to renew the relevant lease agreements without substantial additional costs, or at all. We may not be able to renew our leases, in which case we will have to close or relocate our business. Such relocation may materially and adversely affect our business, financial condition and results of operations. Under the applicable PRC laws and regulations, property lease agreements are required to be registered with the relevant competent authorities in the PRC. As of the Latest Practicable Date, our lease agreements had not been registered, primarily because certain lessors had not completed the registration formalities. However, the relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 on each lease agreement that is not registered and filed within the prescribed timeframe. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. The aggregate amount of maximum fine will be approximately RMB0.1 million. As of the Latest Practicable Date, we had not received real estate ownership certificates or proof of authorizations from the lessor or the property owner for one of our leased properties in China, with a GFA of approximately five sq. m. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any challenges initiated by third parties against our use of this property. However, we cannot assure you that our right to continue using this leased property will not be challenged in the future. If third parties challenge our right to use the leased property, we may not be able to protect our leasehold interest and may be ordered to vacate the affected premises, which could adversely affect our business and results of operations.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS

If we are unable to develop and introduce new products, our future business would be materially and adversely affected.

Our future business depends on our ability to develop and introduce new and enhanced products that incorporate the latest technological advancements. We may encounter unexpected technical and production challenges or delays in completing the development of new and enhanced products and/or ramping up production in a cost-efficient manner. Successful product development and upgrades require substantial R&D investment together with innovative design, continuous technology enhancement, swift competitive response, and rapid adaptation to changing customer and market needs. If we are unable to complete the development of new and enhanced products and/or technologies without delay or at all, we may not be able to satisfy our customers' demand or achieve broader market acceptance of our products, and our business, results of operations, financial condition and competitive position could be materially and adversely affected.

We have been investing, and intend to continue to invest, heavily in research and development, which may adversely affect our profitability and operating cash flow and may not generate the results we expect.

Our research and development expenses were RMB39.0 million, RMB42.9 million, RMB55.4 million, RMB26.9 million and RMB53.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The markets for our products, and the underlying direct drive, motion control, wheel-legged robot, and modular reconfiguration technologies, are subject to rapid technological change and continue to evolve quickly. We need to invest significant resources in research and development to make technological advances in order to maintain the competitiveness of our products or expand our product offerings. However, we cannot guarantee that our efforts will achieve anticipated outcomes. The outcomes of research and development activities are inherently uncertain and the successful outcomes may still encounter practical difficulties when incorporated into the commercialization of our products. New technologies could render our existing technologies and/or products or technologies and/or products we are developing obsolete or unattractive, thereby rendering us unable to recover research and development costs, which could materially and adversely affect our business, results of operations and financial condition.

We may not be able to obtain, maintain, enforce or effectively protect our intellectual property rights.

Our success depends on our ability to obtain, maintain and enforce intellectual property rights to protect our proprietary technologies and products. As of the Latest Practicable Date, we had 352 registered patents and 148 pending patent applications. See "Business — Intellectual Property." The patent application process may be expensive and time-consuming, and we may not be able to file, prosecute or maintain all necessary patent applications at a reasonable cost or in a timely manner. We may fail to identify patentable aspects of our research and development outputs, which could limit our ability to prevent competitors from developing competing products. Patents may be invalidated, and patent applications may not be granted. Patents that are granted may not provide meaningful protection or competitive advantage, and may be challenged, interpreted narrowly, amended, revoked or held unenforceable by the courts or competent authorities in China and/or other jurisdictions. Competitors may also develop alternative technologies that do not infringe our patents. In addition, under certain development, customization and supply arrangements with customers, we may be required to grant rights to use or further develop technologies, designs or know-how generated through collaboration, or may be restricted from applying similar technologies for ourselves or for other customers. Such arrangements may limit our ability to retain exclusive control over certain intellectual property or commercialize related technologies.

We may face claims of intellectual property infringement or trade secret misappropriation.

Our competitors or other third parties may initiate legal proceedings alleging that we are infringing upon, misappropriating or otherwise violating their intellectual property rights in connection with the design, development, commercialization or distribution of our products. We cannot assure you that our operations will not infringe patents, copyrights, trademarks or other intellectual property rights held by third parties. We may face claims for indemnification arising from alleged infringement, and there may be intellectual property registrations or applications that could give rise to infringement claims. Companies in the global robotic actuator module and global robot industry may use intellectual property litigation as a competitive strategy. Intellectual property disputes involve complex legal and factual determinations, and outcomes are uncertain. Any claims of infringement, regardless of their merit, could be expensive and time-consuming to defend, divert management attention, result in substantial damages, fines or penalties, require us to obtain licenses or pay royalties, require us to redesign, reengineer, rebrand or discontinue selling affected products, or result in customers terminating, deferring or limiting purchases. If we fail to successfully defend against such claims or do not prevail in such proceedings, we may be prohibited from using certain intellectual property rights or ordered to cease certain operations, which could materially and adversely affect our business, financial condition and results of operations. In addition to patents, we rely on trade secrets, including unpatented know-how and proprietary information, and we seek to protect them through confidentiality, non-disclosure and non-compete agreements and employment agreements providing for assignment of inventions. Nevertheless, employees, business partners or other third parties may use or disclose our trade secrets without authorization, and competitors may gain access to such information. Trade secrets are difficult to protect, and enforcing claims relating to misappropriation is expensive, time-consuming and uncertain. We may also be subject to claims that we, our employees or our business partners have wrongfully used or disclosed trade secrets owned by others. If we fail to prosecute or defend such claims successfully, we may be required to pay monetary damages, lose valuable intellectual property rights or suffer other adverse consequences.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

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

Our future capital requirements will depend on technological advancements, market acceptance of our products and enhancements, overall sales volumes, research and development and sales and marketing expenses, general economic conditions such as inflation, rising interest rates and international conflicts. If our capital requirements are materially different from those currently planned, we may need additional capital sooner than anticipated. Additional financing may not be available on favorable terms, on a timely basis, or at all. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, develop or enhance our products, expand our sales and marketing workforce, take advantage of future opportunities or respond to competitive pressures.

We have incurred net losses, net deficits, net current liabilities, and operating cash outflows during the Track Record Period, and expect significant research and development expenses and capital expenditures, which may adversely affect our liquidity, cash flow and ability to achieve or maintain profitability.

Since our inception, we have incurred net losses. We recorded net losses of RMB75.6 million, RMB93.7 million, RMB881.0 million, RMB32.6 million and RMB390.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. In addition, during the Track Record Period, we recorded a total deficit of RMB120.4 million, RMB198.6 million, RMB1,019.4 million and RMB1,347.4 million, respectively. We may continue to incur net losses or recognize net deficit in the short term as we expand our business and continue to invest in R&D. We may not be able to achieve or maintain profitability in the near future. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. Our costs and expenses may continue to increase as we expand our operations, invest in research and development and incur additional expenses associated with being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses.

We also recorded net current liabilities of RMB131.6 million, RMB199.6 million, RMB1,044.4 million and RMB1,390.0 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. Our net current liabilities position may expose us to liquidity risks. If we do not maintain sufficient working capital, we may need to resort to additional external funding, and our inability to obtain such funding may force us to abandon or delay our expansion plans. We recorded net cash used in operating activities of RMB53.0 million, RMB66.7 million, RMB69.6 million, RMB29.4 million and RMB64.8 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We cannot assure you that we will generate positive cash flows from operating activities. If we continue to record net operating cash outflows in the future, our working capital may be constrained. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from operating activities and obtain external financing, which may not be available on favorable terms or at all. If we fail to obtain sufficient funding, we may default on payment obligations and may not be able to expand our business, which could adversely affect our business, results of operations and financial condition.

We expect to incur significant research and development expenses and capital expenditures for our business operations and expansion plans. Our research and development expenses were RMB39.0 million, RMB42.9 million, RMB55.4 million, RMB26.9 million and RMB53.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. See "Financial Information — Results of Operations — Research and Development Expenses." Our capital expenditure was RMB8.2 million, RMB5.0 million, RMB16.4 million, RMB8.1 million and RMB13.0 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. See "Financial Information — Capital Expenditure." We expect to incur further capital expenditures for research and development of future products, acquisition of equipment and purchase of intangible assets. Such significant expenditures involve inherent risks as our investments may not succeed or generate expected benefits, which could materially affect our profitability.

We may be exposed to liquidity risk due to our cash conversion cycle.

Our cash conversion cycle, calculated by adding inventory turnover days and trade and bills receivables turnover days and subtracting trade payables turnover days, was 233 days, 95 days, 44 days and 57 days in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The improvement from 2023 to 2025 was primarily driven by a decrease in our inventory turnover days from 221 days in 2023 to 47 days in 2025 and a decrease in our trade and bills receivables turnover days from 131 days in 2023 to 77 days in 2025, as our business transitioned from early-stage commercialization to large-scale commercial operations. Our cash conversion cycle lengthened in the six months ended June 30, 2026. For further details, see "Financial Information — Selected Balance Sheet Items." A deterioration in our cash conversion cycle due to slower inventory turnover, delayed customer payments or shortened supplier credit terms could increase our working capital requirements and our reliance on external financing to support our operations. If we are unable to manage our inventory levels and receivables collection efficiently or to secure adequate financing on acceptable terms, our liquidity position may be adversely affected, which could in turn materially and adversely affect our business, financial condition and results of operations.

We are exposed to credit risk, inventory management risk and contractual performance risks, which would adversely affect our financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers, distributors or related parties. As of December 31, 2023, 2024 and 2025, and June 30, 2026, we had trade and bills receivables of RMB9.1 million, RMB40.8 million, RMB79.4 million and

RMB170.7 million, respectively. See "Financial Information — Selected Balance Sheet Items — Trade and Bills Receivables." We may not be able to collect all such trade and bills receivables due to long payment cycle of certain customers, adverse operating condition or financial condition of customers, and distributors' inability to pay. If our customers and/or distributors delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables, and our liquidity and financial condition would be adversely affected. We had inventories of RMB13.8 million, RMB26.2 million, RMB32.1 million and RMB82.6 million as of December 31, 2023, 2024 and 2025, and June 30, 2026, respectively. In 2023, 2024, 2025 and the six months ended June 30, 2026, our inventory turnover days were 221, 112, 47 days and 65 days, respectively. In the same periods, we had write-downs of inventories of RMB2.9 million, RMB1.6 million, RMB1.4 million and RMB2.3 million, respectively. Our inventory may become slow-moving or obsolete in a relatively short period of time, particularly if customer specifications change or next-generation products are introduced. Any mismanagement of inventory could lead to increased write-downs, which may materially and adversely affect our business, results of operations and financial condition. Our contract liabilities primarily represent advance consideration received from our customers before we transfer the related goods or services. Our contract liabilities were RMB0.3 million, RMB0.6 million, RMB1.8 million and RMB6.1 million as of December 31, 2023, 2024 and 2025, and June 30, 2026, respectively. See "Financial Information — Selected Balance Sheet Items — Contract Liabilities." If we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected and our customers may request not to prepay us in the future. Any of these circumstances could materially and adversely affect our business, results of operations, cash flow and liquidity condition.

We have granted, and may continue to grant, share-based awards, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

We recorded share-based payments expenses of RMB2.0 million, RMB15.4 million, RMB58.8 million, RMB1.7 million and RMB62.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. As a result, our share-based payment expenses may increase, which may adversely affect our financial performance, and dilute existing Shareholders' stake.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in the economic, political, social conditions or government policies in the countries and regions where we operate could have a material and adverse effect on our business, financial condition and results of operations.

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Sanctions and export control measures may be adopted, expanded or modified by various jurisdictions from time to time, and may affect the cross-border supply, sale, transfer or use of certain technologies, software, components or equipment. We may be exposed to compliance, cost or disruption risks if our products, systems, technologies, suppliers, distributors or customers become directly or indirectly subject to such measures. We could be required to incur additional costs to comply with evolving regulations and export control requirements and could face penalties for any violation. We are headquartered in Beijing, China and most of our operations are conducted in China. The PRC government at the national and local levels has implemented, and may continue to introduce, industrial, tax, technology, labor, data security and other regulatory policies that affect advanced manufacturing, robotics, automation, artificial intelligence and related industries. Our business, financial condition and results of operations may be affected by changes in these policies, including policies relating to funding support, localization, procurement preferences, export controls, labor and social security compliance, environmental and safety standards, and other regulatory requirements.

We may be subject to the administrative approval, filing or other additional requirements of government authorities of the countries or regions where we operate in respect of overseas [REDACTED] and future capital raising activities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares change, we may be required to file with or report to CSRC or other PRC regulatory authorities for our future capital raising activities. See "Regulatory Overview — Regulations Relating to Overseas Securities Offering" for further information. Any failure or perceived failure to make filings, make reports or comply with applicable laws and regulations could materially and adversely affect our future capital raising activities. On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China jointly published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《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 "Archives Rules"), which came into effect on March 31, 2023. Any failure to comply with Archives Rules may materially affect our business, results of operations or financial conditions. In addition, if the CSRC or other PRC regulatory authorities promulgate new rules or explanations imposing further requirements that we obtain their approvals or complete the required filing or other regulatory procedures for this **[REDACTED]** or future **[REDACTED]** activities, there can be no assurance that we will be able to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any unforeseen situations or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition and the price of our Shares.

You should assess the legal protections you are entitled to under the legal systems in the countries and regions where we operate.

We are subject to the applicable laws and regulations of the countries and regions where we operate. We cannot assure you that we can predict the effect of future legal developments in countries and regions where we operate, including the promulgation of new laws or regulations and changes in current effective laws or regulations. In addition, time-consuming legal proceedings may incur significant costs, divert our resources, and negatively affect our management's attention on strategic planning and execution, which may materially and adversely impact our operational efficiency and overall business performance.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our Directors and management.

We are a company incorporated under the laws of the PRC and almost all of our assets and subsidiaries, the majority of our Directors and senior management, and their assets are located within the PRC. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or senior management who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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》) effective on January 29, 2024, promulgated by the

Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types thereof, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court. China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in mainland China or Hong Kong on the basis of the principle of reciprocity.

Our operations are subject to and may be affected by changes in tax laws and regulations of the countries or regions where we operate.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) imposes a tax rate of 25% on business enterprises. If there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate, our tax liability would increase correspondingly. Moreover, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax regulatory authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

Holders of our H Shares may be subject to income tax obligations of the countries or regions where we operate.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. For further details on relevant PRC tax laws and regulations, see "Regulatory Overview — Laws and Regulations in the PRC — Regulations Relating to PRC Tax — Income Tax Relating to Dividend Distribution." In particular, any gain realized on the transfer of shares by investors that are resident enterprises outside of the PRC is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《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》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident **[REDACTED]**, the value of your **[REDACTED]** in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

We are subject to the currency exchange regulatory system.

The PRC government imposes supervision on the convertibility of RMB into foreign currencies. We receive the vast majority of our revenue in RMB. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our H Shares, and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the **[REDACTED]**, there has been no public market for our H Shares. The **[REDACTED]** may differ significantly from the **[REDACTED]** for our H Shares following the **[REDACTED]**. We have applied for **[REDACTED]** of, and permission to **[REDACTED]** in, our H Shares on the Stock Exchange. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]** or that the **[REDACTED]** of our H Shares will not decline following the **[REDACTED]**. Furthermore, the **[REDACTED]** and **[REDACTED]** volume of our H Shares may be volatile, subject to various factors such as fluctuations in our operating performance and revenue, failure to execute our strategies, and the release of lock-up restrictions or sales of H Shares by us or other Shareholders. Moreover, the capital market has from time to time experienced significant price and **[REDACTED]** volume fluctuations that were unrelated or not directly related to the operating performance of the underlying companies in the market. Such fluctuations may have a material and adverse effect on the **[REDACTED]** and **[REDACTED]** volume of our H Shares.

An active and liquid [REDACTED] market for our H Shares may not develop.

Prior to the **[REDACTED]**, our H Shares were not **[REDACTED]** on any other market. We cannot assure you that an active and liquid **[REDACTED]** market for our H Shares will be developed or be maintained after the **[REDACTED]**. The **[REDACTED]** of our H Shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the **[REDACTED]** of our H Shares, you could lose a substantial part or all of your **[REDACTED]** in our H Shares.

As the [REDACTED] be higher than the net tangible book value per Share, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we [REDACTED] additional Shares in the future.

As the **[REDACTED]** of our H Shares is higher than the consolidated net tangible assets per share immediately prior to the **[REDACTED]**, purchasers of our H Shares in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** adjusted consolidated net tangible assets. Our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per share of their shares. See "Appendix II — Unaudited **[REDACTED]** Financial Information" to this document for details. In addition, holders of our Shares may experience further dilution of their interest if the **[REDACTED]** exercise the **[REDACTED]** or if we **[REDACTED]** additional shares in the future to **[REDACTED]**.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material and adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

Future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new H Shares or other securities relating to our H Shares, or the perception that such sales or issuances may occur could all cause a decline in the **[REDACTED]** of our H Shares and materially and adversely affect the prevailing **[REDACTED]** of our H Shares and our ability to raise capital in the future at a time and at a price which we deem appropriate. Our existing Shareholders are subject to restrictions on their sales of H Shares within 12 months from the **[REDACTED]** as described in "History, Development and Corporate Structure," and future sales of a significant number of our H Shares by our Controlling Shareholders or other existing Shareholders in the public market after the **[REDACTED]**, or the perception that these sales could occur, could cause the **[REDACTED]** of our H Shares to decline and could materially impair our future ability to raise additional capital. We cannot assure you that our Controlling Shareholders, or other existing Shareholders will not dispose of H Shares held by them or that we will not **[REDACTED]** H Shares upon the expiration of restrictions set out above.

We may not be able to pay any dividends on our H Shares.

We have never paid any dividends since our inception. We cannot guarantee when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future. See "Financial Information — Dividends" for details.

If securities or industry analysts do not publish research reports about us, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] and [REDACTED] volume of our H Shares may decline.

The **[REDACTED]** market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. Negative analysts' opinions, downgrades, cessations of coverage of us or failures to regularly publish reports could cause the **[REDACTED]** or **[REDACTED]** volume of our H Shares to decline, regardless of the accuracy of the information or our actual performance.

Forward-looking information in this document is subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain **[REDACTED]** information and other matters. The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources, which are necessary estimates reflecting the best judgment of our Directors and senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a result, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

The industry data and forecasts in this document obtained from official government sources have not been independently verified.

This document includes industry data and forecasts extracted from the report prepared by Frost & Sullivan, which was **[REDACTED]** by us, and from official government sources. 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. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. The information from official government sources has not been independently verified by us or any other parties involved in the **[REDACTED]**, or any of our or their respective Directors, senior management, representatives, advisers or any other persons involved in the **[REDACTED]** and no representation is given as to its accuracy. For these reasons, the information from official government sources contained in this document may not be accurate and should not be unduly relied upon as a basis for making your **[REDACTED]** in our H Shares.

We may need additional capital, and the [REDACTED] and [REDACTED] of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the **[REDACTED]** from the **[REDACTED]**, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to **[REDACTED]** and **[REDACTED]** additional equity securities, which could result in additional dilution to our Shareholders.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

Prior to the publication of this document, there has been and there may also be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us, our business, our industries and the **[REDACTED]**, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their **[REDACTED]** decisions on the basis of the information contained in this document only and should not rely on any other information.

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

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 through its PRC subsidiaries, 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 the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and 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. ZHANG Hongbo, an executive Director, and Ms. KWAN Lok Yan ("**Ms. Kwan**"), one of our joint company secretaries. Mr. ZHANG Hongbo confirms that he possesses valid travel documents and can readily travel to Hong Kong, whilst Ms. Kwan 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 and 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 numbers, mobile phone numbers, email addresses and addresses, 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 Maxa 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 or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. The Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

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)).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

(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 the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. ZHANG Hongbo as one of our joint company secretaries. Mr. ZHANG Hongbo joined our Group in May 2025 and is our executive Director, chief financial officer and secretary of the Board. He is primarily responsible for finance and capital management, board affairs and corporate governance of our Group. Although our Company believes, having regard to his past experience in handling corporate matters, that he has a thorough understanding of our Company and the Board, he does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. Kwan, who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Mr. ZHANG Hongbo 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. ZHANG Hongbo 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. ZHANG Hongbo's appointment as joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. ZHANG Hongbo must be assisted by Ms. Kwan, 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. Kwan ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. ZHANG Hongbo will gain experience with the assistance of Ms. Kwan. Before the end of the initial three-year period, we will evaluate the then experience of Mr. ZHANG Hongbo 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. ZHANG Hongbo, having had the benefit of Ms. Kwan'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]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. ZHANG Di (張笛)	Building H3, Songshan Lake International Innovation and Entrepreneurship Community, Boheng Second Road Dongguan, Guangdong, PRC	Chinese
Dr. LIU Xuyang (劉許洋)	Building H3, Songshan Lake International Innovation and Entrepreneurship Community, Boheng Second Road Dongguan, Guangdong, PRC	Chinese
Mr. ZHANG Hongbo (張洪波)	No. 7A, Hepingli Middle Street Dongcheng District, Beijing, PRC	Chinese
Non-Executive Directors		
Mr. CHEN Can (陳璨)	Building 46, Taipingqiao West Lane Fengtai District, Beijing, PRC	Chinese
Mr. ZHAO Yun (趙雲)	Building 2, Courtyard 2 Tuo Fangying South Road Chaoyang District, Beijing, PRC	Chinese
Mr. JI Haiquan (紀海泉)	Building No. 9, Block 7 Chaoxin Jiayuan East Residential Area Chaoyang District, Beijing, PRC	Chinese
Independent Non-Executive Directors		
Mr. LAM Kwok Sun (林國燊)	Tower 3, The Long Beach Hoi Fai Road, Tai Kok Tsui Kowloon Hong Kong	Chinese (Hong Kong)
Dr. WANG Yuqian (王虞倩)	No. 20 Fengshan Branch Road Baiguan District Shangyu City, Zhejiang, PRC	Chinese
Mr. HUANG Min (黃旻)	Building 6, Jinyu Central Garden Phase 2 No. 155 Bulong Road Longgang District Shenzhen, 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	**CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway 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 and PRC data compliance law:* **Han Kun Law Offices** 20/F, Kerry Plaza Tower 3 1-1 Zhongxinsi Road, Futian District Shenzhen, Guangdong, PRC
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Norton Rose Fulbright Hong Kong** 38/F Jardine House 1 Connaught Place Central Hong Kong *As to PRC law:* **Haiwen & Partners** 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing, PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai, PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Room 225, 2nd Floor, Building 5 Yard 3, Jinghai 5th Road Beijing Economic-Technological Development Area Tongzhou District, Beijing, PRC
Headquarters and Principal Place of Business in the PRC	Room 225, 2nd Floor, Building 5 Yard 3, Jinghai 5th Road Beijing Economic-Technological Development Area Tongzhou District, Beijing, PRC No. 11, Daxue Road Songshan Lake Industrial Park Dongguan, Guangdong, PRC
Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.directdrive.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. ZHANG Hongbo** No. 7A, Hepingli Middle Street Dongcheng District, Beijing, PRC **Ms. KWAN Lok Yan** *(an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Mr. ZHANG Hongbo** No. 7A, Hepingli Middle Street Dongcheng District, Beijing, PRC **Ms. KWAN Lok Yan** 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. LAM Kwok Sun (林國燊) *(Chairperson)* Dr. WANG Yuqian (王虞倩) Mr. HUANG Min (黃旻)

Remuneration and Appraisal Committee	Mr. LAM Kwok Sun (林國燊) *(Chairperson)* Mr. ZHANG Hongbo (張洪波) Dr. WANG Yuqian (王虞倩)
Nomination Committee	Mr. ZHANG Di (張笛) *(Chairperson)* Dr. WANG Yuqian (王虞倩) Mr. HUANG Min (黃旻)

[REDACTED]

Compliance Advisor	**Maxa Capital Limited** Unit 2602, 26/F Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong
Principal Banks	**China Merchants Bank** **Shenzhen Central District branch** 1A, Modern Business Building Intersection of Jintian Road and Fuhua Road Futian District Shenzhen, Guangdong, PRC
	Bank of China **Dongguan Songshan Lake Science Park branch** Room 111-115, Building 1 No. 7 Keji 3rd Road Songshan Lake Area, Dongguan, Guangdong, PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Sole Sponsor,* **[REDACTED]**, *any of their respective directors and advisers or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

OVERVIEW OF ROBOTIC ACTUATOR MODULE TECHNOLOGY INDUSTRY

Actuator Modules as the Core Foundation of Robotic Systems

Robotic Actuator Modules are integrated functional units used in robots that comprise motors, drive systems, and control components. Their core function is to provide precise power output and motion control for robotic joints or motion structures. As a key core component, actuator modules directly determine a robot's motion performance and precision, while significantly influencing payload capacity, energy efficiency, and response speed.

Technology Pathways of Robotic Actuator Module Development

Direct drive technology pathway**,** Direct drive technology eliminates reducers and other intermediate transmission components in traditional power systems, directly coupling the motor with the payload. This design simplifies the power transmission process, eliminates efficiency losses caused by mechanical transmission, and delivers higher precision and lower noise levels, while reducing mechanical wear and maintenance requirements. The core advantages of direct drive systems lie in their structural simplicity and high efficiency, making them particularly suitable for precision operations and human-adjacent scenarios with stringent noise requirements, such as household cleaning robots. The widespread adoption of this technology not only enhances overall robotic performance but also supports trends toward miniaturization and lightweight design.

Traditional drive technology pathway**,** Traditional drive systems rely on reducers to amplify motor torque output. This enables a stronger driving force under high-load and high-impact operating conditions. Reducers lower motor rotational speed while increasing torque, making this architecture well suited for industrial robots and heavy-duty robots requiring high power output. The key advantage of this pathway lies in its ability to significantly enhance payload capacity and impact resistance, making it suitable for industrial production lines, warehousing and logistics, and heavy equipment operation scenarios.

Difference between Direct Drive Technology Pathway and Traditional Drive Technology Pathway：

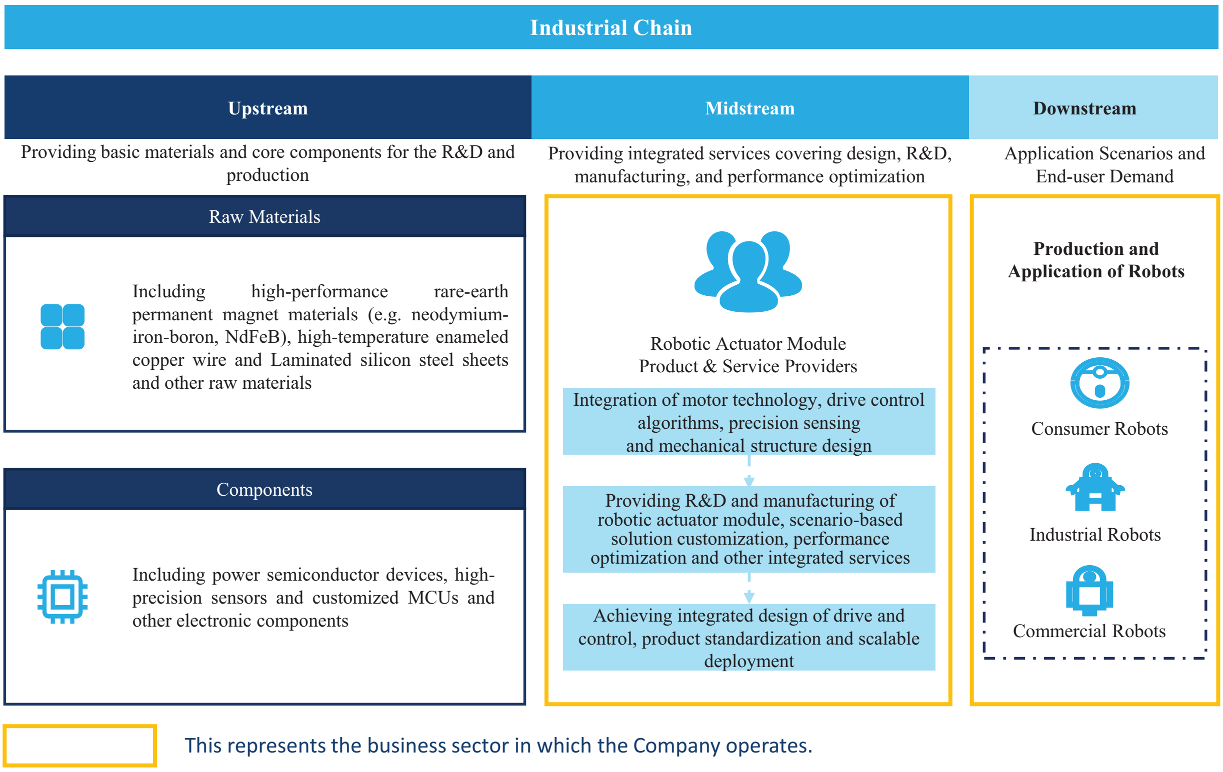
Torque motors and servo drive systems differ from direct drive motors and direct drive systems in design, function, and application:

Torque motors provide high torque at low speed, often integrated with servo drive systems, and may require gearing for high-speed tasks; (i) they are optimized for torque control rather than speed or positional precision; (ii) direct drive motors transmit motion directly to the load without intermediate transmission components (e.g., gears or belts), offering higher positioning accuracy, lower backlash, and simpler mechanical structure; direct drive motors are widely used in applications requiring high precision and responsiveness, such as CNC machines and robotic joints.

Servo drive systems consist of a motor, a feedback sensor, and a controller that regulates position, speed, or torque; (i) these systems can use torque motors or other motor types and often incorporate gearing for motion amplification; (ii) direct drive systems integrate the motor directly with the load, minimizing mechanical transmission components, reducing inertia, and improving dynamic response. These systems can operate with or without an external servo controller depending on design requirements.

Industrial Chain Analysis of Robotic Actuator Module Technology

The Company has established a presence in both the midstream and downstream segments of the value chain.



Source: Frost & Sullivan, Annual Report, **[REDACTED]***, and Other Official Disclosures of Industry Players*

Policy Analysis of the Robotic Actuator Module Technology Industry

Policy Name	Release Date	Issuing Authority	Key Contents
The Guiding Opinions on the Innovative Development of Humanoid Robots (《人形機器人創新發展指導意見》)	Oct 2023	Ministry of Industry and Information Technology	The policy prioritizes the research and development of highly integrated, long-endurance power units and energy management technologies, as well as the development of high-efficiency dedicated power components.
The 14th Five-Year Plan for Robotics Industry Development (《"十四五"機器人產業發展規劃》)	Dec 2021	Ministry of Industry and Information Technology and 14 other departments	The policy promotes the modular and general-purpose robot core components, including actuator modules and servo drive systems; encourages technological innovation, demonstration applications, and industrial clustering.
14th Five-Year Plan for Intelligent Manufacturing Development (《"十四五" 智能製造發展規劃》)	Dec 2021	Ministry of Industry and Information Technology and 7 other departments	The policy supports the development of intelligent robots and key components, including servo motors and actuator modules; emphasizes domestic technological breakthroughs and industrial upgrading.

Policy Name	Release Date	Issuing Authority	Key Contents
14th Five-Year Plan for Strategic Emerging Industries (《"十四五"戰略性新興產業發展規劃》)	Dec 2021	National Development and Reform Commission (NDRC) jointly with relevant ministries	The policy encourages the development of high-end intelligent equipment and key components, including robotic actuator modules and control systems; provides financial and policy support to innovative enterprises.

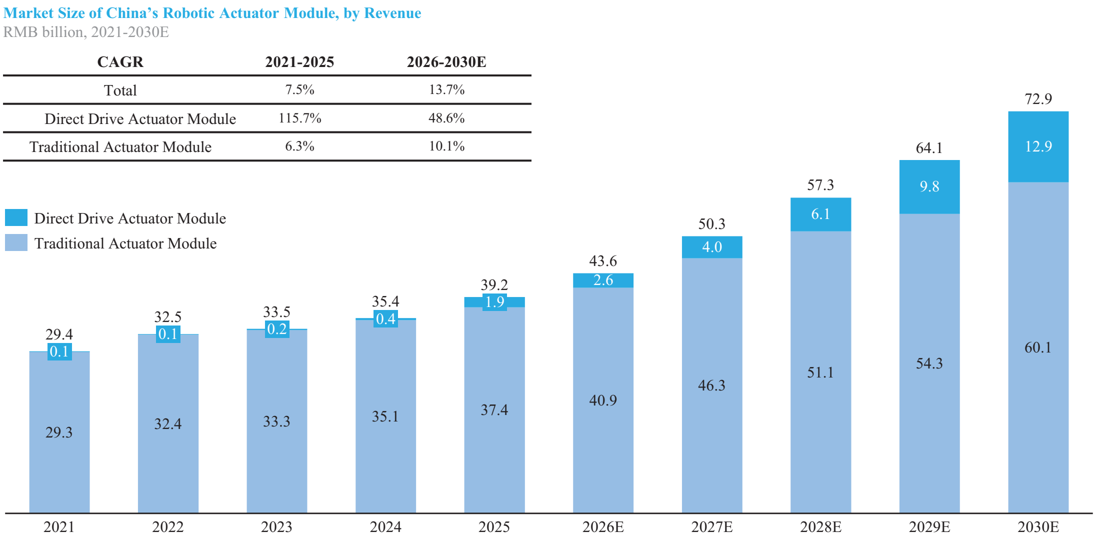
These national policies deliver targeted support to the robotic actuator module sector. The 2023 humanoid robot guidelines advance power system and component technologies transferable to actuator products. The three 14th Five-Year Plans collectively prioritise modular, general-purpose robot core components including actuator modules and servo drives, push for domestic technical breakthroughs, foster industrial clustering, and offer financial and policy incentives for innovative enterprises engaged in actuator and control system development.

Market Size of the Robotic Actuator Module Technology Industry

In 2025, the global robotic actuator module market reached RMB110.0 billion, representing a CAGR of 7.0% from 2021 to 2025. The market is expected to expand to RMB206.3 billion by 2030, with a CAGR of 13.9% from 2026 to 2030. From an application perspective, consumer application scenarios are expected to maintain relatively strong growth momentum. In 2025, the consumer-segment market size was approximately RMB30.9 billion and is projected to grow to RMB74.2 billion by 2030. The accelerated forecast growth of the robotic actuator module market is supported by national policies that specifically target breakthroughs in core robotic components. In 2025, the global consumer robotic actuator module market reached RMB30.9 billion, with a CAGR of 23.9% from 2021 to 2025. As the range of high-end consumer robotic products continues to expand, the market is expected to grow to RMB74.2 billion by 2030, representing a CAGR of 15.5% from 2026 to 2030. Driven by the performance advantages of direct drive technology, the direct drive actuator module segment is expected to experience explosive growth, with a CAGR of 97.4%, reaching RMB9.5 billion by 2030.

By technology pathway, in 2025, the global traditional actuator module market reached RMB107.9 billion, while the direct drive actuator module market stood at RMB2 billion. Going forward, driven by performance advantages such as high responsiveness, high precision, low noise, and compact structure, the direct drive actuator module market is expected to grow to RMB17.9 billion by 2030. China's robotic actuator module market reached RMB29.4 billion in 2021, expanding to RMB39.2 billion in 2025 amid steady growth driven by rising robotics adoption, and is projected to further grow to RMB72.9 billion by 2030, with distinct growth trajectories emerging by technology type. The traditional actuator module segment, which dominated the market in 2021, grew at a CAGR of 6.3% from 2021 to 2025 and is forecast to maintain a 10.1% CAGR through 2030, reaching RMB60.1 billion. In contrast, the direct drive actuator module segment surged at a 115.7% CAGR between 2021 and 2025 (from RMB0.1 billion to RMB1.9 billion). This momentum is expected to continue at a robust 48.6% CAGR through 2030, with direct drive modules projected to hit RMB12.9 billion by the decade's end.

Market Size of China's Robotic Actuator Module, by Revenue, by Technology Pathway

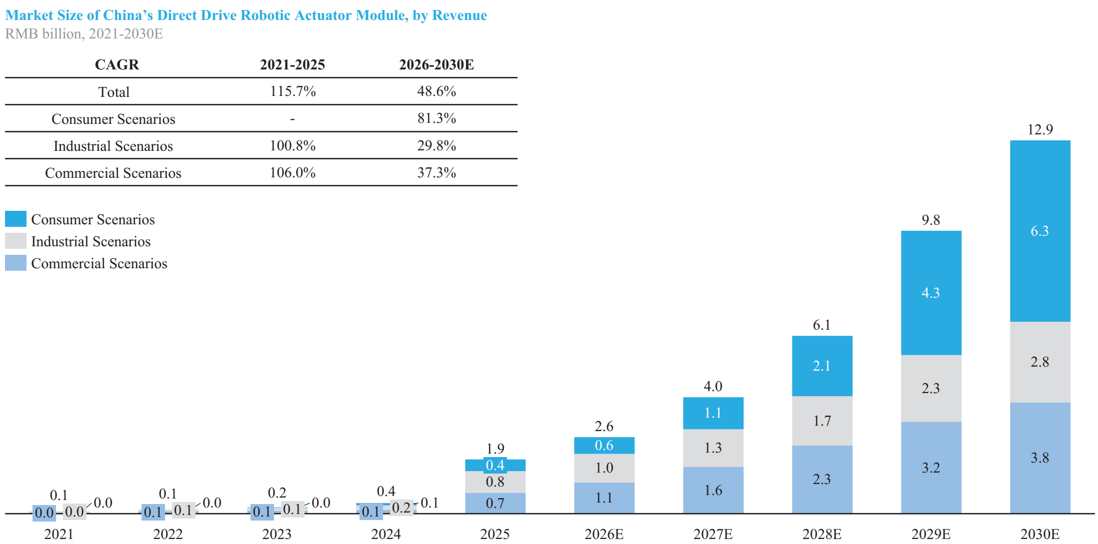


CAGR	2021-2025	2026-2030E
Total	7.5%	13.7%
Direct Drive Actuator Module	115.7%	48.6%
Traditional Actuator Module	6.3%	10.1%

Source: Frost & Sullivan, Annual Report and Other Public Disclosures of Industry Players

China's robotic actuator module market is segmented into consumer scenarios and industrial and commercial scenarios, both showing steady expansion. The industrial and commercial segment accounted for RMB25.3 billion in 2021, increasing to RMB28.9 billion in 2025, and is projected to reach RMB46.8 billion by 2030, maintaining stable growth driven by industrial automation demand. The consumer segment grew more rapidly, expanding from RMB4.1 billion in 2021 to RMB10.3 billion in 2025, and is expected to surge to RMB26.1 billion by 2030. Within China's robotic direct-drive actuator modules market, industrial applications currently capture the largest share at 40.0%, followed by commercial scenarios at 38.4%, while consumer use cases make up the remaining 21.5% of total market volume. Looking ahead to 2030, consumer segments are set to emerge as the highest-growth vertical, forecast to deliver a CAGR of 81.3% through 2026 -2030. Commercial applications trail with a projected 37.3% CAGR over the same period, and industrial use cases are expected to post a 29.8% CAGR.

Market Size of China's Robotic Direct Drive Actuator Module, by Revenue, by Application Scenario

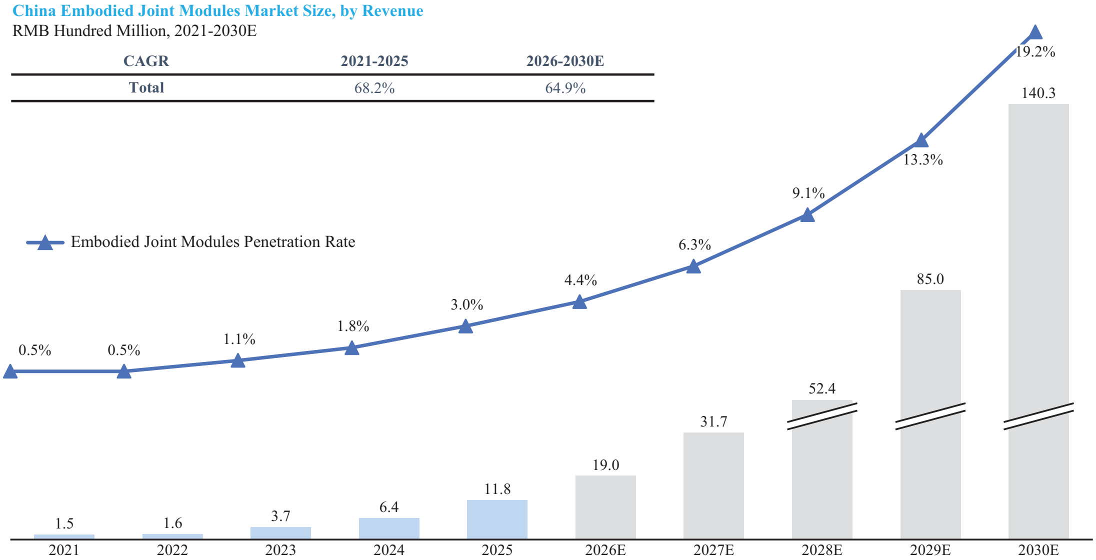


CAGR	2021-2025	2026-2030E
Total	115.7%	48.6%
Consumer Scenarios	-	81.3%
Industrial Scenarios	100.8%	29.8%
Commercial Scenarios	106.0%	37.3%

Source: Frost & Sullivan, Annual Report and Other Public Disclosures of Industry Players

China's embodied joint modules market, a fast-growing but still nascent subsegment of the broader robotic actuator market, expanded from RMB150 million in 2021 to RMB1.18 billion in 2025 at a 68.2% CAGR, and is projected to grow at a 64.9% CAGR to reach RMB14.03 billion by 2030, with its penetration rate rising from just 0.5% in 2021 to a forecast 19.2% by 2030. Even with this explosive growth, embodied joint modules remain a small share of the total robotic actuator market:

Market Size of China's Embodied Joint Modules, by Revenue



Source: Frost & Sullivan, Annual Report and Other Public Disclosures of Industry Players

Business Drivers of Robotic Actuator Module Technology Industry

Upgrading Downstream Demand Across Multiple Application Scenarios Drives Actuator Modules Toward Miniaturization, Low Noise, and Extended Endurance: Diversification of downstream application scenarios and rising performance requirements constitute the core growth drivers of the industry. The rapid penetration of consumer products such as household cleaning robots has accelerated demand for miniaturized, low-noise, and long-endurance products, promoting the widespread adoption of direct drive actuator modules. The compact structure and noise-reduction characteristics of direct drive modules make them particularly suitable for household environments. In commercial application scenarios such as inspection and delivery robots, higher requirements for endurance and environmental adaptability have driven the adoption of integrated power solutions, significantly improving system efficiency and operational duration. From the perspective of downstream commercialization progress, leading consumer robot brands is increasing its procurement of direct-drive modules, which is expected to set an industry benchmark and encourage other players to experiment with new products.

Breakthroughs in New Materials and AI Technologies Enhance Product Performance: Through the application of new materials, domestic enterprises have achieved significant breakthroughs in torque density for direct drive motors. Some products have achieved peak torque levels surpassing traditional technology, breaking long-standing overseas technological monopolies. At the same time, deep integration of direct drive structures with AI technologies enables high-precision control, such as adaptive operation in complex terrains, through model-based control algorithm. Simplified system models further improve simulation and iteration efficiency in motor design, accelerating R&D cycles. The deployment of derivative technologies such as quasi-direct drive (PDD) systems further addresses the needs of segmented application scenarios, including humanoid robots, forming multi-layered technological synergies.

Localization and Industry Chain Collaboration Reduce Costs and Accelerate Commercialization: Stable domestic supply of upstream core components such as rare-earth permanent magnets has secured cost advantages and supply chain resilience. Midstream players have formed efficient collaborative networks in industrial clusters, significantly shortening R&D and production cycles. Downstream, domestically produced actuator modules have been adopted at scale by leading robot providers, meeting requirements for cost-effectiveness and rapid response. Continuous improvements in localization rates, supported by upstream–downstream collaboration, have laid a solid foundation for large-scale industry expansion.

Policy Focus on Core Component Innovation Supports Technological Breakthroughs and Industrialization: The government has rolled out a series of policies to support the R&D and industrialization of complete robots and key components, such as 14th Five-Year Plan for Smart Manufacturing Development. These policies align with industry-driven technological breakthroughs, providing comprehensive support for the industrial chain from research and development to application.

Development Trends of the Robotic Actuator Module Technology Industry

Expansion of Application Scenarios from Consumer to Industrial and Commercial Domains: Downstream demand is rapidly expanding from consumer application scenarios to research, commercial, and industrial applications. Household cleaning robots continue to drive upgrades in miniaturization and noise reduction; commercial inspection and mining operations rely on integrated power systems to achieve long endurance and high reliability. Application scenario diversification has become a major growth engine for the industry.

Direct Drive Actuator Module and Model-based Control Algorithm Leading Technological Upgrading: Industry technology iteration is increasingly focused on drive–control integration. Direct drive technology, with its simplified structure, low noise, and high efficiency, is rapidly penetrating consumer and research applications. Quasi-direct drive technical approaches extend applicability to high-load scenarios such as humanoid robots. Meanwhile, a model-based control algorithm is deeply integrated into power system design and manufacturing, to help improve the performance of the actuator module.

The Standardization of the Industry: The industry chain is transitioning from fragmentation to collaboration, with policies and standards acting as key enablers. Industry-wide collaboration among component companies and robot companies accelerates technological iteration through real-world validation. Meanwhile, improving international compliance systems is paving the way for overseas expansion of domestic technologies, with ecosystem collaboration emerging as a critical support for large-scale deployment.

Flexible Delivery Becoming a Key Performance Benchmark: Given the wide variety of joint module types and strong customization requirements, the industry is upgrading toward end-to-end flexibility. Enterprises are leveraging AI-assisted design to rapidly generate specifications and solutions, while building flexible production lines capable of small-batch, rapid delivery. Flexible delivery capability has become a key competitive advantage for establishing scale in fragmented markets and fostering ecosystem-based industry growth.

Key Success Factors

Building Core Technological Capabilities: Direct drive technologies require multi-physics coupled simulation and algorithm optimization to enhance torque density and reduce noise, meeting household and commercial demands for quietness and stability. Deep integration of model-based control algorithms such as reinforcement learning into drive-control systems enables adaptive, high-precision operation in complex environments.

End-to-end Supply Chain Management Balancing Cost and Responsiveness: Establishing a supply chain system, combining core component self-sufficiency and deep supplier collaboration, is critical for cost reduction and efficiency improvement. Structural simplification at the design stage, strategic sourcing of core resources, and leveraging industrial clusters to shorten logistics cycles help maintain cost advantages while enhancing response speed.

Scalable Mass Production and Flexible Delivery Capabilities: Companies must build a delivery system that combines scalable mass production with customization flexibility. Automated production lines and digital management ensure efficient, stable mass production of core products, while rapid prototyping and small-batch manufacturing capabilities enable flexible responses to diverse application scenarios such as cleaning and fitness robotics.

Deep Application Scenario Adaptation: Companies must specialize in products for various fields such as home use, scientific research, and humanoid robots, and collaborate closely with whole-machine manufacturers to validate technical performance through practical applications.

Ecosystem Synergy Capability: Ecosystem synergy is demonstrated in two key dimensions. First, it involves synergy within a company's internal business portfolio. Players that are anchored in actuator module technology and expand into adjacent upstream and downstream businesses gain stronger competitive advantage. Actuator modules provide the core motion control for robots, while robotics manufacturing experience, in turn, enhances the design and production capabilities of the actuator modules themselves. Furthermore, ecosystem synergy extends to building deep collaboration across the industrial chain by strengthening partnerships with upstream suppliers of key materials while better adapting to downstream application needs.

Analysis of Market Challenges, Threats and Entry Barriers

The commercialization depends on the level of acceptance by downstream customers, as it is a new product category. It also depends on downstream demand growth and cost reduction progress, which may be uncertain. Competition from established international suppliers and rapid technological iteration may intensify pricing pressure and increase research and development uncertainty. Significant entry barriers include multidisciplinary integration capabilities, accumulated reliability validation, customization requirements, and lengthy customer qualification processes, which may delay large-scale market penetration.

Competitive Landscape of the Robotic Actuator Module Technology Industry

The major players in China's robotic actuator module market are traditional actuator module companies. In terms of 2025 revenue, top five players collectively capture around 45% of the total market share in terms of revenue, while the top ten companies hold 58.9%. The rest of the market remains highly fragmented. In China's consumer robotics actuator module market, the Company ranked eighth in 2025 by revenue, with a market share of 2.4%. The top ten players collectively accounted for approximately 47.1% of the market.

Top Ten China's Consumer Robotic Actuator Module in 2025, By Sales Revenue

Ranking	Company	Sales Revenue (RMB100 Million)	Market Share
1	Company A	13.3	12.9%
2	Company B	6.7	6.5%
3	Company C	6.0	5.8%
4	Company D	5.3	5.1%
5	Company E	4.4	4.3%
6	Company F	4.0	3.9%
7	Company G	3.5	3.4%
8	The Company	2.5	2.4%
9	Company H	2.0	1.9%
10	Company I	0.8	0.8%
	Top 10	**48.5**	**47.1%**

Source: Frost & Sullivan, Annual Report, **[REDACTED]***, and Other Official Disclosures of Industry Players*

Notes:

- Company A: founded in Dongguan in 2000, is a micro motor solutions company specializing in the research, development, production, and sales of micro motors and micro generators. Company A is not listed.
- Company B: founded in Shenzhen in 2006, is a leading domestic provider of integrated electromechanical software solutions and micro transmission modules, dedicated to the R&D and production of micro motors, micro gearboxes, micro transmission modules, and smart controllers. Company B is quoted on the NEEQ.
- Company C: founded in Dongguan in 2013, is a high-tech enterprise mainly engaged in the research, development, production, and sales of brushless DC motors and permanent magnet DC motors. Company C is not listed.
- Company D: a comprehensive motor manufacturer from Japan and founded in 1973, offers a wide range of motor products, from precision miniature motors to super-large motors. Company D is listed on the Tokyo Stock Exchange.
- Company E: founded in Hong Kong in 1982, is a high-tech enterprise specializing in the design and manufacturing of plastic gears, plastic components, high-precision metal parts, and electric gearboxes. Company E is not listed.
- Company F: founded in Changzhou in 2006, is a motor product R&D, design, and manufacturing enterprise specializing in stepper motors, synchronous motors, DC brushed motors, DC brushless motors, water pumps, high-efficiency industrial motors, fans, and other motor products. Company F is listed on the Shenzhen Stock Exchange.
- Company G: founded in Dongguan in 2005, is a professional provider of compact motion units, dedicating to providing efficient and customized intelligent drive systems. Company G is not listed.
- Company H: founded in Ningbo in 2002, is a motor enterprise specializing in the research, development, and production of electric motors, carpet cleaners, personal care appliances, and home health care appliances. Company H is listed on the Shanghai Stock Exchange.
- Company I: founded in Shenzhen in 2001, is a manufacturer of micro-drive systems, primarily engaged in the research, development, production, and sales of micro-transmission and drive systems. Company I is listed both on the Shenzhen and Hong Kong Stock Exchange.

In 2025 the combined revenue of the top five China's consumer robotic direct drive actuator module companies amounted to approximately RMB309.0 million, with the Company ranking as the largest China's provider of consumer robotic direct drive actuator module technology.

Top Five China's Consumer Robotic Direct Drive Actuator Module Technology in 2025, By Revenue

Ranking	Company	Revenue (RMB Million)	Market Share
1	The Company	246.0	61.1%
2	Company C	55.0	13.6%
3	Company J	4.0	1.0%
4	Company G	2.0	0.5%
5	Company K	2.0	0.5%
	Top 5	**309.0**	**76.7%**

Source: Frost & Sullivan, Annual Report, **[REDACTED]***, and Other Official Disclosures of Industry Players*

Notes:

(1) Company J, founded in Nanjing in 2022, is a portfolio company of a Shenzhen- and Hong Kong-listed industrial robotics group. The company builds a full-stack platform for general-purpose embodied-AI robots, developing collaborative robots, humanoid robots, and core components for applications across automotive, electronics, new energy, semiconductor, and other industrial sectors.

(2) Company K, founded in Changzhou in 2006, is a technology-driven and manufacturing enterprise specializing in the R&D of electric vehicle motors and controllers. Company K is not listed.

OVERVIEW OF THE GLOBAL ROBOT INDUSTRY

Definition and Classification of Robots

Robots refer to physical systems equipped with movable carriers, such as robotic arms and wheeled chassis, that enable interaction with the physical world. They can receive sensory inputs such as vision and force feedback, generate execution commands accordingly, and replace or assist humans in completing tasks across a wide range of scenarios, including production, services, exploration, and entertainment.

By application scenario, robots can be classified into consumer robots and commercial/industrial robots. Consumer robots primarily serve household or personal use cases, emphasizing miniaturization, low noise, and are mainly deployed for daily tasks such as cleaning and light transportation. Industrial and commercial robots are oriented toward commercial services and industrial production, with the core objective of cost reduction and efficiency improvement, enabling functions such as inspection, delivery, and collaborative manufacturing. With the continuous advancement of embodied intelligence technology, robots with embodied intelligence are gradually being applied in consumer, industrial, commercial, and other scenarios, and are on the verge of market explosion.

Embodied intelligence robots refer to robotic systems that integrate perception, decision-making, and actuation capabilities within a physical platform, enabling adaptive and autonomous interaction with complex environments. These robots combine sensors, actuators, and control algorithms to execute tasks that require physical interaction, mimicking human or animal intelligence in real-world scenarios.

By locomotion mode, robots can be categorized into wheeled robots (including wheel-legged robots), legged robots, tracked robots, aerial robots, and other types.

Robot Type	Core Design & Locomotion	Key Advantages	Primary Applications
Wheeled Robots	Wheels (2 to 4+ wheels; differential, omnidirectional, Ackermann drive)	Highest energy efficiency; high speed on flat surfaces; simple mechanics; low cost; precise indoor maneuvering	Warehouse logistics (AMRs), industrial delivery, cleaning robots, service robots, autonomous vehicles
Legged Robots	Bipedal, quadrupedal, hexapod legs (mimics animal/human gait)	Excellent terrain adaptability; climbs stairs/obstacles; traverses rubble/rough ground; low terrain damage	Search & rescue, industrial inspection, military patrol, exploration, humanoid assistance
Tracked Robots	Continuous rubber/metal tracks (skid-steer)	Superior traction/stability on mud/sand/snow; high load capacity; excellent off-road performance	Military reconnaissance, disaster response, construction, agriculture, planetary exploration
Aerial Robots	Multirotor (quad/hexacopter) or fixed-wing; propellers/wings for flight	3D access; bird's-eye view; rapid deployment; no ground contact; long-range mapping	Aerial surveying, mapping, agriculture (spraying), surveillance, delivery, inspection (power lines, buildings)
Wheel-Legged Robots-	Integrates legs with wheels at the foot; subcategories differ by number of wheel-legged units and locomotion mode, including Dual-wheel-legged, Four-wheel-legged, and Hybrid	Combines wheel efficiency (fast on flat ground) + legged adaptability (climbs obstacles/stairs); versatile for mixed terrains; better stability than pure legged robots; flexible locomotion modes	Industrial inspection (mixed indoor/outdoor terrain), outdoor patrol, smart factories, search & rescue (mixed terrain) etc.

Policy Analysis of the Robot Industry

Policy Name	Release Date	Issuing Authority	Key Contents
Opinions of the State Council on Further Implementation of the "Artificial Intelligence Plus" Action (《國務院關於 深入實施"人工智能+"行動 的意見》)	Aug 2025	State Council	The policy defines a three-stage development roadmap. By 2027, artificial intelligence will be deeply integrated into six key sectors, with the penetration rate of next-generation intelligent terminals and intelligent agents exceeding 70%. By 2030, the penetration rate will increase to 90%, with the intelligent economy becoming a major growth engine. By 2035, China will fully enter a new stage of intelligent economy and intelligent society. The policy emphasizes the development of an "intelligent interconnection of all things" ecosystem centered on smart terminals, prioritizing intelligent robots, smart home products, and other categories to build a full-scenario intelligent interaction environment and promote high-quality development and inclusive access to AI technologies.
Notice by Twelve Departments Including the Ministry of Industry and Information Technology of Issuing the Upgraded Plan for the "Sailing" Initiative to Scale Up 5G Applications (工業和信息化部等十二部門關於印發《5G規模化應用" 揚帆"行動升級方案》的通 知)	Nov 2024	Ministry of Industry and Information Technology and 11 other departments	The policy promotes R&D and application of 5G-enabled intelligent robots, smart mobile terminals, and cloud-based devices, and encourages innovation in products integrating 5G with XR systems, naked-eye 3D, smart wearables, and smart home solutions.

Policy Name	Release Date	Issuing Authority	Key Contents
Opinions on Deepening the Integration of Industry and Education in the Domestic Services Sector (《關於深化家政服務業產教融合的意見》)	Oct 2024	National Development and Reform Commission, Ministry of Education, Ministry of Finance, Ministry of Human Resources and Social Security, Ministry of Commerce	The policy encourages school-enterprise collaboration in intelligent manufacturing and domestic services, strengthens R&D and technological upgrades of smart home products and household service robots, and deepens the application of AI technologies in the domestic services industry.
Guiding Opinions on the Innovative Development of Humanoid Robots (《人形機器人創新發展指導 意見》)	Oct 2023	Ministry of Industry and Information Technology	The policy aims to promote high-quality development of the humanoid robot industry, foster new quality productive forces, and strongly support new-type industrialization and modern industrial system construction. One key target is to establish an initial innovation system for humanoid robots by 2025, achieve internationally advanced levels for complete machine products, and realize mass production. By 2027, technological innovation capabilities are expected to significantly improve, forming an internationally competitive industrial ecosystem with overall strength reaching world-leading levels.

Collectively, these national policies offer multi-tiered support for the robot industry and wheel-legged robots specifically. Robots are strategically positioned as key smart terminals under national AI and digital economy frameworks with steady policy, capital and market backing. R&D support for AI, 5G, motion control and sensors resolves technical hurdles for wheel-legged robots' movement, autonomy and connectivity. Industrial ecosystem roadmaps facilitate cost reduction, mass manufacturing and stable supply chains for wheel-legged products. Promotions for smart homes and domestic services broaden market opportunities for consumer wheel-legged robots, while industry-education collaboration mitigates shortages of skilled hardware and software development talent.

Market Size Analysis of the Global Robot Industry

In 2025, the shipment volume of global robots reached approximately 33.9 million units, representing a CAGR of 18.7% from 2021 to 2025. Among them, consumer robots recorded the most significant growth, expanding from 16.4 million units in 2021 to 32.7 million units in 2025, at a CAGR of 18.9%. Looking ahead, driven by surging societal demand for robots, the shipment volume of global consumer robots is expected to continue rapid growth, reaching 78.9 million units by 2030, corresponding to a CAGR of 17.1% from 2026 to 2030.

Market Drivers and Development Trends Analysis of the Robot Industry

Accelerated Development of Robot Hardware, Where Actuator Modules Plays an Essential Role: Hardware is the core of robotic products, of which robotic actuator modules serve as the core of motion control and power output—their performance directly determines key metrics such as dynamic response, operational accuracy, and endurance. Industry competition is increasingly concentrated on upstream core components. Integrated breakthroughs in high-torque-density motors, and model-based control algorithms have become critical to overall performance upgrades. Going forward, actuator modules are expected to evolve toward higher integration, higher power density, and deeper intelligence, supporting continuous product category innovation.

Advancements in AI Algorithms and Large Models Enhance Robotic Interaction, Decision-Making, and Embodied Intelligence: Cutting-edge algorithms, combined with multimodal perception technologies such as 3D vision and LiDAR, have significantly improved robots' force control and motion precision, strengthening their environmental adaptability and enabling them to perform complex tasks in unstructured environments. Large language models have overcome the limitations of command-based interaction, enabling natural language dialogue. Continuous progress in AI algorithms and foundation models is driving robots to evolve into embodied intelligent agents capable of perception, reasoning, and action.

Modular Innovation Drives Industry Development: Modular design has become a key enabler of industry development. It allows robots to rapidly switch configurations to meet diverse operational requirements while reducing R&D and manufacturing costs through standardized component reuse and shortened production cycles. Through module disassembly and mass production, enterprises can quickly respond to diversified application scenarios while maintaining unit price, thereby accelerating robot penetration across industries.

Expansion of application scenarios: Beyond early adoption in niche or pilot scenarios, robots are expected to penetrate a wider range of consumer, commercial, and industrial use cases between 2025 and 2030, significantly expanding the addressable market and driving faster shipment growth.

New Categories of Robot, represented by Wheel-Legged Robots, are Emerging: With ongoing upgrades in actuator modules and optimization of AI algorithms, the stability, endurance, and payload capacity of wheel-legged robots will continue to improve, addressing key challenges to large-scale deployment. Wheel-legged robots are expected to become one of the growth engines of the robot industry in the future.

Analysis of Market Challenges, Threats and Entry Barriers

The robot industry involves substantial R&D investment and extended commercialization cycles. Market adoption of new-generation robots remains subject to technological maturity, customer acceptance, and capital expenditure conditions. Competition from global robotics leaders and technology companies may intensify technological substitution risks. Macroeconomic volatility and supply chain disruptions could also adversely affect industry growth. High entry barriers arise from system-level integration capabilities, proprietary technologies, and established customer relationships, all of which require sustained investment and operational experience.

OVERVIEW OF GLOBAL AND CHINA WHEEL-LEGGED ROBOT INDUSTRY

Definition and Classification of Wheel-Legged Robots

Wheel-legged robots are hybrid mobile robots that integrate the high-dynamic obstacle-crossing capabilities of legged robots with the efficient and stable mobility of wheeled robots, thereby combining the advantages of both locomotion paradigms. Typically, wheel-legged robots are equipped with actively controllable leg structures, with wheels mounted at the foot ends. This design enables them to roll efficiently on flat surfaces like wheeled robots, while also allowing them to traverse stairs, trenches, and other complex terrains by adjusting leg posture and gait, similar to legged robots.

Based on structural configuration, wheel-legged robots can be broadly classified into the following categories:

Dual-wheel-legged robots: Typically equipped with two wheel-leg composite units, these robots rely on dynamic balance control to achieve mobility and obstacle crossing. Their relatively compact structure makes them suitable for application scenario with high requirements for passability and spatial adaptability, such as inspection and operations in narrow passages.

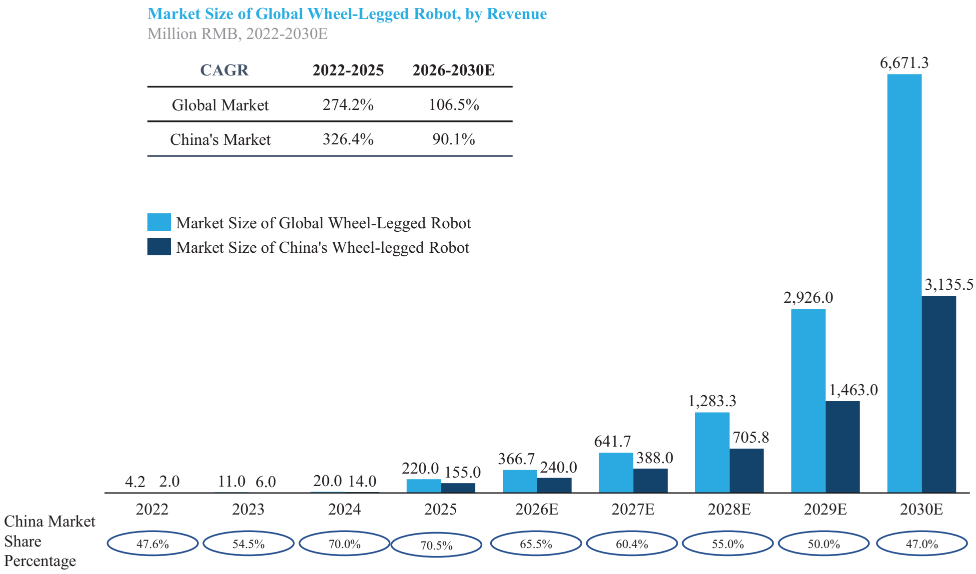
Four-wheel-legged robots: Featuring four sets of wheel-leg mechanisms, these robots offer significantly enhanced stability and payload capacity, with more robust motion performance. They are commonly deployed in industrial and specialized fields requiring long-duration operation and complex terrain adaptability, such as outdoor inspection, logistics handling, and security patrol.

Other wheel-legged or hybrid configurations: This category includes single-wheel-legged, six-wheel-legged, hybrid wheel-legged, and other mixed forms designed for specific application scenario. Most of these robots are customized products or remain in the R&D and validation.

Market Size of the Wheel-Legged Robot Industry

The global wheel-legged robot industry achieved initial commercial deployment between 2022 and 2025, with market size expanding from RMB4.2 million to RMB220.0 million, representing a CAGR of 274.2% over the period. Although the China's market entered later, it experienced more rapid growth, with a CAGR of 326.4% during the same period, leading global growth rates. Starting in 2025, supported by favorable policies and expanding application scenarios, domestic enterprises in China gradually achieved batch deliveries, marking the industry's entry into a rapid volume expansion phase. In that year, the Chinese market size reached RMB155.0 million, accounting for approximately 70.5% of the global total.

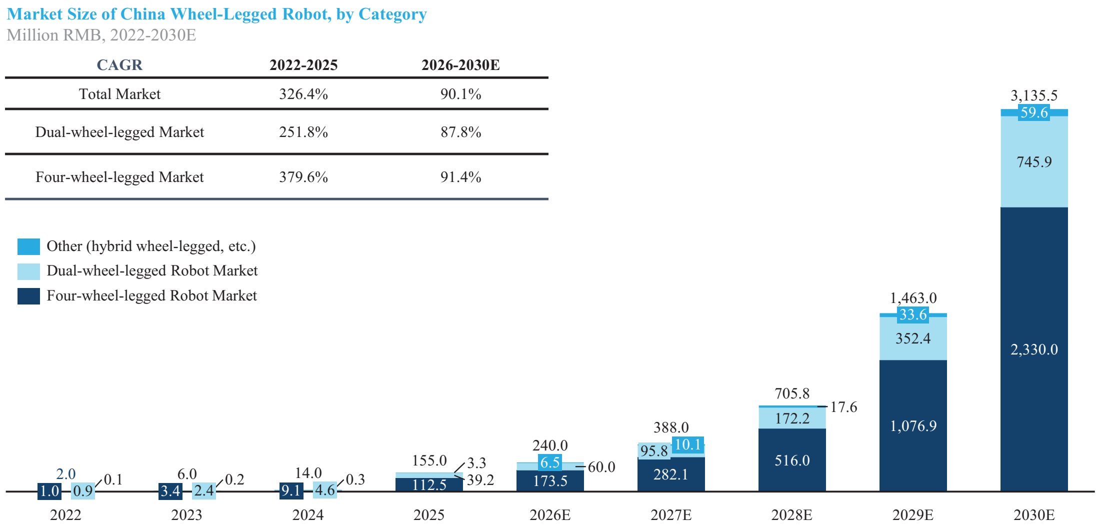
Market Size of Global and China Wheel-Legged Robot, by Revenue



Source: Frost & Sullivan, IDC

From a product structure perspective, dual-wheel-legged and four-wheel-legged robots currently dominate the market. In 2025, these two categories together accounted for approximately 98.2% of the total market, with both growing by several times. From 2026 to 2030, four-wheel-legged robots are expected to maintain a CAGR of 107.1%, slightly higher than the 103.9% CAGR projected for dual-wheel-legged robots. By 2030, the market size of dual-wheel-legged robots is projected to reach RMB1,901.3 million, while four-wheel-legged robots are expected to reach RMB4,540.0 million. China's wheel-legged robot market surged from RMB2 million in 2022 to RMB155 million in 2025 at 326.4% CAGR, and is projected to expand at an 90.1% CAGR through 2030E to reach RMB3.14 billion. By segment, four-wheel-legged robots have been the primary driver, growing at a 379.6% CAGR from 2022 to 2025 and forecast to maintain an 91.4% CAGR through 2030E to capture the majority share at RMB2.33 billion, while dual-wheel-legged robots follow closely with a 251.8% CAGR (2022–2025) and 87.8% CAGR (2026–2030E), set to reach RMB746 million by the decade's end, underscoring the segment's rapid scaling and rising adoption in industrial, logistics, and consumer applications.

Market Size of China Wheel-Legged Robot, by Revenue, by Category



Source: Frost & Sullivan, **[REDACTED]** *of Industry Players, and Expert Interview*

Market Drivers and Development Trends Analysis of Wheel-Legged Robot Industry

***Technology Iteration Driven by Consumer, Industrial and Commercial Application Demands, Fostering Continuous Product Innovation*:** Wheel-legged robot technologies are rapidly evolving toward enhanced environmental perception intelligence and precise motion control. To meet consumer market requirements for lightweight design, flexibility, and low noise, technological development has increasingly focused on multi-sensor fusion, real-time path planning, and low-power system design. In industrial and commercial applications, to support dynamic operations in flexible production lines, technological advancement has concentrated on high-precision localization, compact joint design, and model-based control algorithm, enabling stable material handling and precise operations within confined spaces.

Localization and Self-sufficiency of Core Components: One of the key drivers of industry development is the localization of core components. As the performance of high-torque-density motors, servo systems, IMUs, and other critical components continues to approach or even match imported alternatives, overall system costs have declined significantly, supply chain stability has improved, and R&D iteration cycles have shifted from long-term dependence on overseas suppliers toward autonomous and controllable development.

Evolution toward Modular Assembly Architectures, Enabling Multi-application scenario Adaptability: In the future, wheel-legged robots are expected to break away from traditional fixed-structure designs and evolve toward modular assembly architectures. Through standardized interfaces and system-level integrated designs, different morphological assemblies can be freely combined and rapidly switched. Leveraging standardized joint and chassis modules, robots can achieve flexible multi-form assemblies.

Integration of Direct Drive Technology and Embodied Intelligence to Strengthen Autonomous Operation Capabilities: Such integration will accelerate their evolution toward autonomous perception and decision-making. On the hardware side, integrated direct drive joints eliminate reducers and integrate drive and sensing modules, achieving high torque density, low latency, and high energy efficiency. On the software side, by combining multimodal perception with self-supervised learning, robots can establish a closed-loop "perception–decision–execution" framework, enabling real-time terrain recognition and motion adjustment.

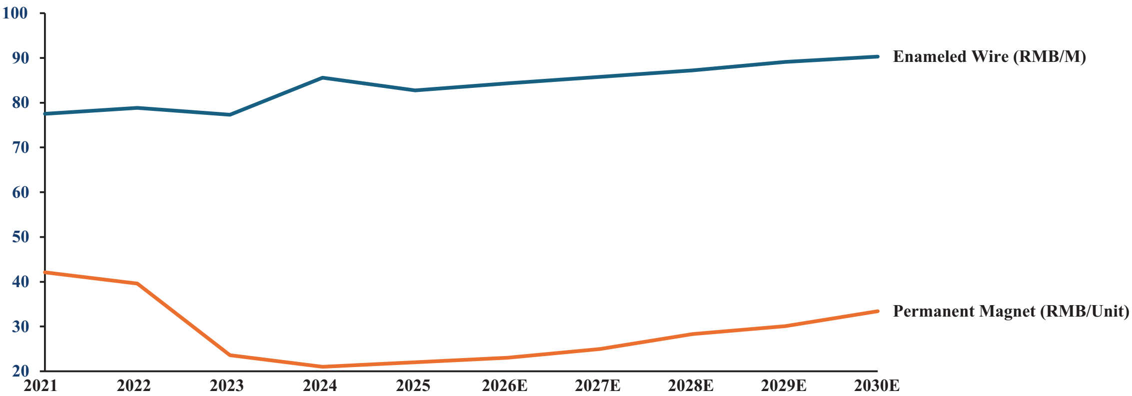
Policy Support: China's "New Generation Artificial Intelligence Development Plan" (2017) sets a target for China's AI core industry to exceed RMB1 trillion by 2030, with intelligent robotics identified as a key application direction. This provides quantified macro-level support for AI-integrated mobile robots, including wheel-legged platforms.

The Historical and Forecast Price Trends of Major Raw Materials

Robot actuator modules and robots (especially wheeled-legged robots) have a close upstream-downstream relationship with highly overlapping core raw materials — enameled wire, neodymium-iron-boron (NdFeB) magnets, and electronic components. From 2021 to 2025, their fluctuations were driven by commodity cycles, supply-demand mismatches, rare earth price changes, and the global chip shortage, along with domestic substitution progress. Looking ahead to 2026-2030, their trends will be shaped by tight copper and rare earth supply, growing demand from humanoid robots, third-generation semiconductor maturity, and industrial upgrading; NdFeB magnets will have the greatest volatility, enameled wire will correlate closely with copper prices, and electronic components will show structural differences between high-end and mid-to-low-end segments.

Price Trends of Major Raw Materials for Robot actuator modules and robots

2021 – 2030E



Source: Frost & Sullivan, Wind

Analysis of Market Challenges, Threats and Entry Barriers

Wheel-legged robots require advanced dynamic control, terrain adaptability, and structural optimization. Commercial use cases are still developing, and demand realization may be uncertain. Alternative mobility solutions and competing technological approaches may limit broader market adoption. Ongoing investments by research institutions and industry participants could intensify competition. Barriers include high technical complexity in control algorithms and mechanical design, extensive real-world validation.

Competitive Landscape of the Wheel-Legged Robot Industry

For the year ended December 31, 2025, the combined revenue of the top eight global wheel-legged robot providers reached approximately RMB 180.8 million, representing a total market share of 82.2%. Based on revenue during this period, The Company ranked sixth globally in the wheel-legged robot market.

Top Eight global wheel-Legged Robot Providers, For the Year Ended December 31, 2025, By Revenue

Ranking	Company	Revenue (RMB Million)	Market Share
1	Company L	~92.4	42.0%
2	Company M	~27.0	12.3%
3	Company N	26.0	11.8%
4	Company R	13.0	5.9%
5	Company P	12.0	5.5%
6	The Company	7.3	3.3%
7	Company O	2.0	0.9%
8	Company Q	1.1	0.5%
	Top 8	**180.8**	**82.2%**

Source: Frost & Sullivan, and Expert Interview

Note:

(1) Company L, founded in Hangzhou in 2016, is a globally renowned robot provider specializing in the independent R&D, production, and sales of high-performance general-purpose legged/humanoid robots and six-axis manipulators for consumer and industrial applications. Company L is not listed.

(2) Company M, founded in Shenzhen in 2022, is an AI-driven humanoid robot provider focused on developing full-scale general-purpose humanoid robots, with a portfolio that *includes innovative products.* Company M is not listed.

(3) Company N, founded in Hangzhou in 2017, is a national-level high-tech enterprise, focusing on embodied intelligence technology innovation and industry applications while specializing in the R&D, production, sales, and service of quadruped robots, humanoid robots, and core components. Company N is not listed.

(4) Company O, founded in Dongguan in 2016, is a leading global robot provider, providing mobile robot chassis and customized autonomous driving solutions, dedicated to enhancing productivity and efficiency across industries through innovative robotics technology. Company O is not listed.

(5) Company R, founded in Zurich in 2016, is a globally recognized robotics company specializing in the independent R&D, production, and sales of autonomous legged robots for inspection, monitoring, and industrial applications. Company R is privately held and not listed.

(6) Company Q, founded in Beijing in 2023, is an embodied robotics provider focused on the full-stack development of high-performance robots. Company Q is not listed.

(7) Company P, founded in Zurich in 2023, is a AI robotics startup specializing in the intelligent mobile robot solutions for complex outdoor and industrial environments. Company P is not listed.

For the year ended December 31, 2025, the combined revenue of the top five global dual-wheel-legged robot providers reached approximately RMB39.8 million. Based on dual-wheel-legged robot revenue during this period, the Company ranked the third globally.

Top Five Global Dual-wheel-Legged Robot Providers, For the Year Ended December 31, 2025, By Revenue

Ranking	Company	Revenue (RMB Million)	Market Share
1	Company R	16.5	25.0%
2	Company M	12.0	18.2%
3	The Company	7.3	11.1%
4	Company O	~2.0	3.0%
5	Company L	~2.0	3.0%
	Top 5	**39.8**	**60.3%**

Source: Frost & Sullivan, Expert Interview, and **[REDACTED]** *of Industry Players*

For the year ended December 31, 2025, the combined revenue of the top five wheel-legged robot providers reached approximately RMB124.9 million in China. Based on wheel-legged robot revenue during this period, the Company ranked the fourth in China.

Top Five Wheel-Legged Robot Providers in China, For the Year Ended December 31, 2025, By Revenue

Ranking	Company	Revenue (RMB Million)	Market Share
1	Company L	80.9	52.2%
2	Company N	18.2	11.7%
3	Company M	16.5	10.6%
4	The Company	7.3	4.7%
5	Company O	2.0	1.3%
	Top 5	**124.9**	**80.6%**

Source: Frost & Sullivan, Expert Interview, and **[REDACTED]** *of Industry Players*

For the year ended December 31, 2025, the combined revenue of the top five dual-wheel-legged robot providers reached approximately RMB28.8 million in China. Based on dual-wheel-legged robot revenue during this period, the Company ranked the second in China.

Top Five Dual-wheel-Legged Robot Providers in China, For the Year Ended December 31, 2025, By Revenue

Ranking	Company	Revenue (RMB Million)	Market Share
1	Company M	16.5	42.1%
2	The Company	7.3	18.6%
3	Company O	2.0	5.1%
4	Company L	~1.6	3.8%
5	Company Q	~1.4	3.8%
	Top 5	**28.8**	**73.4%**

Source: Frost & Sullivan, Expert Interview, and **[REDACTED]** *of Industry Players*

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the global robotic actuator modules industry. The report prepared by Frost & Sullivan for us is referred to in this document as the Frost & Sullivan Report. A total fee of RMB650,000 shall be paid to Frost & Sullivan for the preparation of the report, which we believe reflects market rates for reports of this type. Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

The Frost & Sullivan Report was prepared through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective, factual data and prospective predictions. Secondary research involved information integration of data and publication from publicly available sources, including official data and announcements from government agencies, company reports, independent research reports and data based on Frost & Sullivan's own data base.

BASIS AND ASSUMPTIONS

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the social, economic and political environment in the world and China is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the growth of the Global and China relevant industries in the forecast period. All statistics are based on the information available as at the date of the Frost & Sullivan Report.

LAWS AND REGULATIONS IN THE PRC

This section sets out a summary of certain aspects of laws and regulations of the PRC, which are relevant to the business and operations of our Group.

Principal Regulatory Authorities

In addition to the supervision and management by authorities that perform general regulations on companies in the PRC, the Company's operations in the PRC are mainly subject to supervision and management under the following authorities:

MIIT

The main responsibilities of the MIIT include, among others: proposing strategies and policies in relation to industrial development, drafting and organizing the implementation of industrial plans and industrial policies, drafting and promulgating industrial regulations and technical specifications, formulating and implementing standards and policies for high-tech industries, promoting the development of emerging industries, and guiding relevant industries in strengthening safety production management.

NDRC

The main responsibilities of the NDRC include, among others: organizing the formulation of a comprehensive industrial policy, regulating and managing fixed-asset investment projects, proposing strategies and policies for the utilization of inbound and outbound investment, and proposing a negative list for foreign investment access.

MOFCOM

The main responsibilities of the MOFCOM include, among others: supervising and regulating the foreign investment activities nationwide, formulating foreign investment policies and organizing their implementation, approving the establishment of and changes in foreign-invested enterprises in accordance with applicable laws, formulating administrative measures and specific policies for outbound investment, and authorizing, in accordance with the applicable laws, outbound investment by domestic enterprises.

Company Law

According to the PRC Company Law (《中華人民共和國公司法》) implemented by NPCSC on December 29, 1993 and most recently amended on December 29, 2023 and implemented on July 1, 2024, both limited liability companies and joint stock limited companies established in the PRC have the status of legal persons. The liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of capital they have contributed or shares they have subscribed for. The PRC Company Law shall also apply to foreign-invested companies unless laws on foreign investment have stipulated otherwise.

Regulations Relating to Foreign Investment

The NPC promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) on March 15, 2019, which became effective on January 1, 2020, and sets out the definition of foreign investment and the framework for the promotion, protection and administration of foreign investment activities.

On December 30, 2019, the Ministry of Commerce and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which became effective on January 1, 2020. According to those measures, the relevant participants in the establishment of foreign invested enterprises, in the process of purchasing of the equities of a domestic enterprise by a foreign investor and in the process of the subscription of the increased registered capital of a domestic enterprise by a foreign investor are required to submit an initial report in a dedicated registration system. In addition, the relevant participant in the subsequent changes to important matters of the aforementioned enterprises, such as their shareholding structures, are required to submit a change report through the same registration system. Investment activities in the PRC by foreign investors are principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), or the Negative List. The Negative List, which became effective on November 1, 2024, sets out special administrative measures in respect of the access of foreign investments in a centralized manner. Foreign investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, it shall be administered under the principle of equal treatment to domestic and foreign investment.

Regulations Relating to Robot Industry

On July 8, 2017, the State Council issued the "Development Plan for the New Generation of Artificial Intelligence" (《新一代人工智能發展規劃》), which promotes the accelerated application of AI technologies, integration with business models, innovation in key sectors, and the cultivation of emerging AI industries to build internationally competitive AI industrial clusters.

On December 21, 2021, the MIIT, the NDRC and other 13 departments, jointly issued the 14th Five Year Plan for the Development of China's Robot Industry (《「十四五」機器人產業發展規劃》), which seeks to promote breakthroughs in core robot technologies and high-end products.

On January 18, 2023, the MIIT and other 16 departments jointly issued the Implementation Plan for "Robot+" Application Action (《「機器人+」應用行動實施方案》), which significantly enhances the depth and breadth of applications for service robots and special-purpose robots across industries.

Regulations Relating to Product Quality

The PRC Product Quality Law (《中華人民共和國產品質量法》) promulgated by the NPCSC on February 22, 1993 and most recently amended on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the PRC Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them.

Pursuant to the PRC Civil Code (《中華人民共和國民法典》) promulgated by the NPC on May 28, 2020 and becoming effective on January 1, 2021, in the event of damages caused to others due to the defects in a product, the infringed party may seek compensation from the manufacturer or the seller of such product and shall have the right to request the manufacturer and the seller to bear tortious liabilities, such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Regulations Relating to Importation and Exportation of Goods

The PRC Foreign Trade Law (《中華人民共和國對外貿易法》) promulgated by the NPCSC on May 12, 1994 which came into effect on July 1, 1994 and most recently amended on December 27, 2025 and the PRC Regulations on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, most recently amended on March 10, 2024, and came into effect on May 1, 2024, both stipulated that the import and export of goods and technologies to and from the PRC are free, unless otherwise in relevant laws or administrative regulations, and all entities engaging in the business of importation and exportation of goods shall comply with applicable laws and regulations. The PRC Customs Law (《中華人民共和國海關法》) promulgated on January 22, 1987, as most recently amended on April 29, 2021, stipulates that, among other things, the consignee or consignor of import or export goods or a customs agent shall file for record with relevant customs authority before going through any customs declaration procedures. Provisions on the Administration of 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 by the General Administration of Customs of the PRC on November 19, 2021, and effective from January 1, 2022, further gives detailed requirement on the documents needed for the filing and the requirement on reporting certain changes of the filed information to the relevant customs authority.

Regulations Relating to Work Safety

The PRC Work Safety Law (《中華人民共和國安全生產法》) was promulgated by the NPCSC on June 29, 2002, most recently amended on June 10, 2021 and became effective on September 1, 2021. The Work Safety Law applies to all entities engaging in production and business activities in the PRC. Such entities shall, according to the PRC Work Safety Law, strengthen work safety management, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism so as to ensure work safety. Violations of the PRC Work Safety Law may result in administrative penalties such as fine, suspension of operation and revocation of license.

Regulations Relating to Cybersecurity, Privacy and Data Security

The Provisions on Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), as promulgated on December 13, 2005 by the Ministry of Public Security of the PRC, or the MPS, require internet service providers and entity users of the internet to implement technical measures for internet security.

The Administrative Measures for the Graded Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the MPS, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Information Office of the State Council (now abolished) on June 22, 2007, divide the security protection of information systems into five grades based on the degree of harm caused by the destruction of such information system to the legitimate rights and interests of citizens, legal entities and other organizations, public order of the society, other public interests and national security.

On July 1, 2015, the NPCSC promulgated the PRC National Security Law (《中華人民共和國國家安全法》), which became effective on the same day. It provides that the state shall build an internet and information security protection system and improve internet and information security protection capability to realize the controllable security of internet information key technologies, critical online infrastructure and the information systems and data in important fields.

On November 7, 2016, the NPCSC promulgated the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which most recently amended on October 28, 2025 and became effective on January 1, 2026. It defines "networks" as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of information collecting, storing, transmitting, exchanging and processing in accordance with certain rules and procedures, and "network operators" as owners or administrators of networks or the providers of network services, which are subject to various security protection-related obligations. Network operators are subject to various security protection-related obligations. Network operators who do not comply with the PRC Cybersecurity Law may be subject to corrective orders, warnings, fines, suspension of their businesses, shutdown of their websites, and/or revocation of their business licenses.

On June 10, 2021, the NPCSC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect on September 1, 2021. The PRC Data Security Law stipulates the obligations in relation to data security and privacy for entities and individuals carrying out data processing activities. The appropriate level of protection measures is required to be taken respectively for each category of data. Violation of the PRC Data Security Law may be subject to an order to cease illegal activities, warnings, fines, suspension of business, and revocation of business licenses and/or operating permits, and the persons in charge or other directly responsible persons may be imposed with fines.

The Administrative Provisions on Security Vulnerabilities of Network Products (《網絡產品安全漏洞管理規定》) were jointly promulgated by the MIIT, the Cyberspace Administration of China, or the CAC, and the MPS on July 12, 2021 and took effect on September 1, 2021, which stipulate that, providers of cyber products (including hardware and software), network operators, organizations or individuals engaged in activities relating to the discovering, collecting and releasing security vulnerabilities of cyber products are subject to these provisions.

On July 30, 2021, the State Council promulgated the Security Protection Regulations for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. The regulations supplement and specify the provisions on the security of critical information infrastructure as stated in the PRC Cybersecurity Law.

On December 28, 2021, the Cybersecurity Review Measures (《網絡安全審查辦法》) were promulgated by the CAC together with other 12 PRC governmental authorities, which took effect from February 15, 2022. Pursuant to these measures, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to a cybersecurity review. In addition, network platform operators holding personal information of over one million users shall also apply for a cybersecurity review before listing abroad. The competent governmental authorities may also initiate a cybersecurity review against the operators if the authorities believe that the network product or service or data processing activities of such operators affect or may affect national security.

On August 20, 2021, the NPCSC promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》) which became effective on November 1, 2021. The PRC Personal Information Protection Law stipulates the scope of personal information, sets out the rules for processing personal information and the rules for cross-border transfer of personal information, as well as clarifies the individual's rights and the personal information processor's obligations in the process of personal information processing.

On March 22, 2024, the CAC issued the Provisions on the Promotion and Regulation of Cross-border Data Flows (《促進和規範數據跨境流動規定》). According to these provisions, the transfer of data collected and generated during specific activities such as international trade, cross-border transport, transnational manufacturing, and marketing, which do not involve personal information or important data, is exempted from the requirements to undergo data export security assessment, the need to enter into standard contracts for the transfer of personal information abroad, or obtaining personal information protection certification.

On September 24, 2024, the State Council promulgated the Regulations on the Security Management of Network Data (《網絡數據安全管理條例》), or the Network Data Regulations, which came into effect on January 1, 2025. The Network Data Regulations provide detailed implementing rules and guidance on various aspects of data compliance requirements under the existing data protection framework pillars of the PRC Cybersecurity Law, the PRC Data Security Law and the PRC Personal Information Protection Law.

Furthermore, on December 8, 2022, the MIIT promulgated the Administrative Measures for Data Security in Industry and Information Technology Sectors (for Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》), or the Data Security Measures, which became effective on January 1, 2023. The measures apply to data in the industry and information technology sectors, including industrial data, telecom data and radio data, or the Industry and IT Data. The Industry and IT

Data processors are required by the Data Security Measures to establish a full life-circle data security management systems, designate data security management personnel, reasonably manage operation authorization and formulate responses plan and conduct emergency drills and relevant trainings.

Regulations Relating to Labor Contract, Social Insurance and Housing Provident Fund

Labor Contract

According to (i) the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the NPCSC on July 5, 1994, and most recently amended on December 29, 2018, (ii) the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the NPCSC on June 29, 2007, most recently amended on December 28, 2012 and became effective on July 1, 2013, and (iii) the Implementation Regulations for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008, the employment relationship between employers and employees must be executed in written form. In addition, employers must establish a sound labor safety and hygiene system, and the labor safety and hygiene facilities must meet the standards stipulated by relevant authorities.

Social Insurance and Housing Provident Fund

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the NPCSC on October 28, 2010 and most recently amended on December 29, 2018, the Administrative Regulations on Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and most recently amended on March 24, 2019, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council and most recently amended on March 24, 2019, an enterprise established within the PRC shall pay premium for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance, basic medical insurance and contribute to the housing provident fund for its employees at a rate stipulated by the relevant authorities.

Employers that fail to promptly pay social insurance premiums in full amount will be ordered by the social insurance premium collection agency to make or supplement contributions within a stipulated period and shall be subject to a penalty for late payment from the due date at the rate of 0.05% per day. If such payment is still not made within the stipulated period, a fine ranging from one to three times of the amount in arrears will be imposed. Employers that fail to contribute to the housing provident fund in due time or contribute under the minimum amount will be ordered by the relevant housing provident fund management center to make the contribution within a stipulated period. If such contribution is still not made within the stipulated period, the relevant housing provident fund management center can file application with a people's court for compulsory enforcement.

On July 31, 2025, the Supreme People's Court promulgated the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, 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 Labor Contract Law of the PRC, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the Labor Contract Law of the PRC if the employer fails to make social insurance contributions in accordance with the law.

Regulations Relating to Intellectual Property

Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the NPCSC on March 12, 1984, and most recently amended on October 17, 2020 which became effective on June 1, 2021 as well as the Implementation Rules for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on June 15, 2001, most recently amended on December 11, 2023 and became effective on January 20, 2024, invention creations that are eligible for the application of a patent shall include inventions, utility models and designs.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the NPCSC on August 23, 1982, and most recently amended on April 23, 2019 which became effective on November 1, 2019, and the Implementation Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and most recently amended on April 29, 2014 which became effective on May 1, 2014, prescribe the process of registration, de-registration, renewal, alteration, transfer and invalidation of a trademark. According to the aforesaid legislations, the registration of a trademark shall be valid for ten years from the date of approval.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the NPCSC on September 7, 1990, and most recently amended on November 11, 2020 which became effective on June 1, 2021, the works protected by copyright refer to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form. Copyright is a collection of personal and property rights, which, among others, includes the right of publication, the right of authorship, the right of modification, the right of distribution, the right of reproduction, and the right of internet information transmission.

According 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 on February 20, 2002 and became effective on the same date, and the Regulations on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on December 20, 2001, and most recently amended on January 30, 2013 which became effective on March 1, 2013, the National Copyright Administration of the PRC shall be the competent authority for the nationwide administration of software copyright registration, and the Copyright Protection Center of China issues registration certificates to applicants for computer software copyrights that comply with the aforesaid measures and regulations.

Domain Name

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and became effective on November 1, 2017, prior to the establishment of domain name root servers, domain name root server operation institutions, domain name registration management institutions and domain name registration service institutions within the PRC, the corresponding permits shall be obtained from the MIIT or its local counterparts.

Regulations Relating to PRC Tax

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) or the EIT Law promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018 and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) or the EIT Implementation

Regulations promulgated by the State Council on December 6, 2007, and most recently amended on December 6, 2024 and effective on January 20, 2025, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% tax rate reduction for Enterprise Income Tax.

Income Tax Relating to Dividend Distribution

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》) and relevant protocols, which were promulgated by the SAT on August 21, 2006, came into effect on December 8, 2006, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong company if such Hong Kong company directly holds at least 25% of the equity interests in a PRC company, otherwise the 10%withholding tax rate applies.

According to the PRC Individual Income Tax Law （《中華人民共和國個人所得税法》）promulgated on September 10, 1980, last amended on August 31, 2018 and effective on January 1, 2019, and the Regulations for the Implementation 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》) or the Implementing Rules of the Individual Income Tax Law last amended on December 18, 2018 and effective on January 1, 2019, income from interest, dividends, bonuses, property leasing, property transfer and incidental income shall be subject to a proportional tax rate of 20%. In addition, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《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 on September 7, 2015 by the Ministry of Finance, the SAT and the CSRC, individual income tax on dividends from listed company stocks varies by holding period.

In accordance with the EIT Law and the EIT Implementation Regulations, the rate of enterprise income tax shall be 25%. A non-resident enterprise income tax should be levied at a reduced rate of 10% on income originating from within China if such non-resident enterprise does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but the PRC-sourced income is not connected to such establishment or premise in the PRC. Such withholding tax for non-resident enterprises are deducted at source and the payer shall be the withholding agent.

Value-added Tax

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance of the PRC, the State Taxation Administration and the General Administration of Customs of the PRC [2019] No. 39) (《關於深化增值税改革有關政策的公告》(財政部、税務總局、海關總署公告2019年第39號)) announced by the Ministry of Finance, the SAT, and the General Administration of Customs on March 20, 2019 and effective from April 1, 2019, with respect to VAT taxable sales or imported goods of a VAT general taxpayer, the originally applicable VAT rate of 16% shall be adjusted to 13%; the originally applicable VAT rate of 10% shall be adjusted to 9%.

On December 25, 2024, the NPCSC promulgated the Value-added Tax Law of the PRC (《中華人民共和國增值税法》), or the VAT Law, which came into effect on January 1, 2026. Under the VAT Law, the VAT rate, for selling goods, providing processing, repair and replacement services and tangible movables leasing services or importing goods will be 13%, for selling transport services, postal services, basic telecommunications, buildings, real property, or real property leasing services, transferring land use rights, or selling or importing certain goods specified in the VAT Law will be 9%, for selling services or intangible assets will be 6%, and for exporting goods will be 0%, and the levy rate of VAT to which the simple tax computation method applies is 3%.

Stamp duty

Pursuant to the Stamp Tax Law of the PRC (《中華人民共和國印花稅法》) effective as of July 1, 2022, PRC stamp duty only applies on specific proof executed or received within the PRC and with legally binding force in the PRC, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H shares by non-PRC investors outside of the PRC.

Regulations Relating to Environmental Protection

Environment Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the NPCSC on December 26, 1989, most recently amended on April 24, 2014 and came into effect on January 1, 2015, outlines the authorities and duties of various environmental protection regulatory agencies. The Ministry of Ecology and Environment of the PRC, or the MEE, is authorized to issue national standards for environmental quality and discharge of pollutants, and to monitor the environmental protection scheme of the PRC. Meanwhile, local environment protection authorities may formulate local standards for discharge of pollutants which are more rigorous than the national standards, in which case, the concerned enterprises must comply with both the national standards and the local standards.

Environmental Impact Appraisal

According to the Administration Rules on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which was promulgated by the State Council on November 29, 1998 and most recently amended on July 16, 2017, depending on the impact of the construction project on the environment, an construction proprietor shall submit an environmental impact report or an environmental impact statement, or file a registration form.

According to the Environmental Impact Appraisal Law of PRC (《中華人民共和國環境影響評價法》), which was promulgated by the NPCSC on October 28, 2002 and most recently amended on December 29, 2018, for any construction projects that have an impact on the environment, the construction proprietor is required to prepare an environmental impact report or an environmental impact statement, or file a registration form depending on the seriousness of effect that may be exerted on the environment.

Pollutant Discharge

Pursuant to the Administrative Measures for Pollutant Discharge Permit (《排污許可管理辦法》) promulgated on April 1, 2024 by the MEE and became effective on July 1, 2024, enterprises and public institutions as well as other entities engaging in production and business operations included in a certain designated catalog for pollutant discharge management shall apply for and obtain a pollutant discharge permit or complete the registration as a stationary pollution source within a prescribed time limit.

Regulations Relating to Fire Prevention

According to the PRC Fire Prevention Law (《中華人民共和國消防法》), promulgated by the NPCSC on April 29, 1998, and most recently amended to take effect on April 29, 2021, enterprises are required to perform duties in relation to fire prevention. According to Interim

Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, last amended on August 21, 2023 and effective on October 30, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

Regulations Relating to Foreign Exchange

The principal regulation governing foreign currency exchange in the PRC is the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and most recently amended on August 5, 2008. According to these regulations, foreign currency transactions under capital account will be subject to restrictions and require approvals from, or registration with, the foreign exchange administrative authorities, i.e. the SAFE or its local counterparts.

On February 13, 2015, SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) or the SAFE Circular 13, which took effect on June 1, 2015 and was most recently amended on December 30, 2019.

According to the SAFE Circular 16, and the Notice of the SAFE on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies.

Regulations Relating to Overseas Securities Offering

Overseas Securities Offering

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 "Overseas Listing Trial Measures") were promulgated by the CSRC on February 17, 2023, and implemented on March 31, 2023. According to these trial measures, issuers seeking an overseas initial public offering or listing must file with the CSRC within three working days following the submission of their application documents for issuance and listing abroad. Issuers are also prohibited from overseas offering and listing if they fall under one of the following circumstances: (i) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with applicable laws; (iii) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (v) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Where a domestic company seeks to directly offer and list securities in non-domestic markets, the issuer shall file with the CSRC, submit a filing report, legal opinion, and other relevant materials and undertake that the submitted materials are all truthful, accurate and complete.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of the PRC, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archive Management of Overseas Securities Offering and Listing by Domestic Companies (《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》) which came into force on March 31, 2023. These provisions require that, in relation to the direct and indirect overseas securities offering and listing activities of domestic companies, such domestic company, as well as securities companies and securities service institutions providing securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to fulfill their confidentiality and archives management duties. According to these provisions, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and/or overseas regulators any materials that may contain state secrets or have an adverse impact on the national security or public interests of the PRC, the domestic company should complete the relevant approval/filing and other regulatory procedures as required.

On December 24, 2025, The People's Bank of China and the State Administration of Foreign Exchange jointly issued the Notice on Issues Concerning the Fund Management for Overseas Listings of Domestic Enterprises (《關於境內企業境外上市資金管理有關問題的通知》), which took effect on April 1, 2026, to further facilitate domestic enterprises in efficiently raising funds in overseas financial markets.

Full Circulation of H Shares

"Full circulation" represents listing and circulating on the Stock Exchange of the domestic unlisted shares of a domestic H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On August 10, 2023, CSRC announced the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請「全流通」業務指引》), allows certain qualified H-share listed companies and H-share companies to be listed for the application of full circulation to CSRC.

According to the Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for "full circulation." Pursuant to the Overseas Listing Trial Measures, shareholders holding unlisted shares in the PRC should comply with the relevant requirements of the CSRC and appoint a domestic enterprise to file a report with the CSRC

On December 31, 2019, China Securities Depository and Clearing Corporation Limited and Shenzhen Stock Exchange jointly announced the Measures for Implementation of H-share "Full Circulation" Business (《H股「全流通」業務實施細則》), or the Measures for Implementation. The businesses of cross-border share transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to these Measures for Implementation.

In order to fully promote the reform of H-shares "full circulation" and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, Shenzhen Branch of China Securities Depository and Clearing Corporation Limited has issued the Guidelines to the Program for "Full Circulation" of H-shares (《H股「全流通」業務指南》) on June 27, 2025, which specified the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

FINAL RULE BY THE U.S. DEPARTMENT OF THE TREASURY

On October 28, 2024, the U.S. Department of the Treasury (the "**Department of Treasury**") issued the "Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Final Rule**") to implement an outbound investment program that restricts investments by U.S. persons and U.S.-controlled entities imposed by Executive Order 14105, "Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern" (the "**Outbound Order**"). The Final Rule became effective on January 2, 2025.

Application Scope of the Final Rule

The Final Rule applies to investments by U.S. person as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities."

- "Covered transactions" under the Final Rule include (1) acquisition of equity (including purchases of shares in an initial public offer) or contingent equity, (2) debt financing, (3) conversion of contingent equity interest, (4) greenfield and brownfield investments, (5) joint ventures, and (6) investments made as a limited partner.
- "Covered activities" include activities in (1) semiconductors and microelectronics sectors, (2) quantum information technologies sectors and (3) artificial intelligence sectors that pertain to national security technologies and products.
- "Country of concern" for now is the PRC, including Hong Kong and Macau.
- "Covered foreign person" means (1) a person of a country of concern who or who is engaged in activities involving one or more of the three sectors of semiconductors and microelectronics, quantum information technologies, and artificial intelligence, and (2) a person that directly or indirectly holds a board seat on, a voting or equity interest in, or any contractual power to direct the management or policies of a person of a country of concern.

Major Components of the Final Rule

The Final Rule introduced notification requirements for "notifiable transactions" and outright prohibitions on "prohibited transactions." In addition, certain transactions that would be either prohibited transactions or notifiable transactions are excepted from the prohibition or notification requirements if certain conditions are met. Details of the prohibited transactions, notifiable transactions and excepted transactions are set forth below.

Prohibited Transactions

Prohibited transactions are certain U.S. investments in a covered foreign person, which refers to a person of a country of concern engaged in one or more covered activities. A U.S. person may not engage in a prohibited transaction unless an exception for that transaction applies. For instance, investments by U.S. persons in covered foreign persons engaged in the following activities in the AI industry reach the threshold for "prohibited transactions" under the Final Rule:

- the development of any AI system that is designed to be exclusively used for, or which the relevant covered foreign person intends to be used for any:
    - military end use, including, for instance, for weapons targeting, target identification, combat simulation, military vehicle or weapon control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance)

  - government intelligence or mass-surveillance end use, including, for instance, through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices
- the development of any AI system that is trained using a quantity of computing power greater than:
  - 10^25 computational operations, such as integer or floating-point operations
  - 10^24 computational operations, such as integer or floating-point operations, using primarily biological sequence data

Notifiable Transactions

Notifiable transactions are certain U.S. investments in a covered foreign person engaged in activities that do not reach the threshold for prohibited transactions but are separately listed in the Final Rule. Notifiable transactions require notification by U.S. persons to the U.S. Treasury Department within 30 days of closing. For instance, in the AI industry, the following activities are subject to the notifiable transactions:

- the development of any AI system that is not described in the preceding "Prohibited Transactions" section and that is
  - designed to be used for any military end use, such as for weapons targeting, target identification, combat simulation, military vehicle or weapons control, military decision-making, weapons design (including chemical, biological, radiological, or nuclear weapons), or combat system logistics and maintenance; or government intelligence or mass-surveillance end use, such as through incorporation of features such as mining text, audio, or video; image recognition; location tracking; or surreptitious listening devices)
  - intended by the covered foreign person or joint venture to be used for (i) cybersecurity applications, (ii) digital forensics tools, (iii) penetration testing tools, or (iv) the control of robotic systems.
  - trained using a quantity of computing power greater than 10^23 computational operations, such as integer or floating-point operations.

Excepted Transactions

The Final Rule provides certain categories of excepted transactions from coverage, provided that such transactions do not afford the U.S. person certain rights beyond standard minority shareholder protections. Excepted transactions include (1) certain investments in publicly traded securities, (2) securities issued by investment companies, (3) certain limited partner or equivalent investments, (4) derivatives, (5) full buyouts from a person of a country of concern, (6) certain intracompany transactions, (7) certain syndicated debt financings, (8) equity-based compensation, and (9) certain transactions involving a person of a country or territory outside of the U.S. based on a determination by the Department of Secretary.

Under the Final Rule, the publicly traded securities exception includes a security traded on a non-U.S. exchange or a security traded over-the-counter in addition to a security traded on a U.S. exchange. However, an acquisition of securities in a covered foreign person that are not yet publicly traded for the purpose of facilitating an initial public offer would be a covered transaction under the Final Rule.

U.S. FCC REGULATION OF ADVANCED ROBOTIC DEVICES

The FCC regulates the importation, marketing, and sale in the United States of radio frequency ("**RF**") devices subject to its equipment authorization rules and administers certain national-security restrictions applicable to specified communications equipment and services identified on its Covered List.

RF devices that require FCC equipment authorization may include—depending on their design, RF functions, and configuration—robotic devices and related controllers, wireless communications modules, remote-control equipment, Wi-Fi-, Bluetooth-, cellular-, or RFID-enabled products, and certain electronic subsystems that generate or use RF energy.

Equipment authorization may be obtained through the Certification procedure or the Supplier's Declaration of Conformity ("**SDoC**") procedure. Certification is an equipment authorization procedure under which an FCC-recognized Telecommunications Certification Body issues a grant of certification after reviewing the application, supporting information, and test data, as applicable. SDoC is a self-declaration procedure under which a U.S. responsible party determines that the equipment complies with applicable requirements, maintains the relevant records, and provides compliance information with the product. For imported SDoC equipment, the U.S. importer generally serves as the responsible party for compliance.

Covered List Restrictions

The FCC maintains a Covered List of communications equipment and services determined to pose an unacceptable risk to the national security of the United States or the security and safety of United States persons. Equipment identified on the Covered List is prohibited from obtaining FCC equipment authorization under the Certification and SDoC procedures, subject to any applicable exception, including Conditional Approval where available.

On July 28, 2026, the FCC added foreign-produced advanced robotic devices ("**ARDs**") and foreign-produced power inverters to the Covered List.

A foreign-produced ARD is a mechanical mobile device that satisfies specified criteria concerning mobility, remote operation, weight, environmental sensing, network connectivity, and locally or remotely operating software for specified autonomous or remote-command-and-control functions.

A foreign-produced power inverter is a bi-directional DC/AC power device or system that also has specified remote communication, control, sensing, data collection, or monitoring functionality.

As a result of the July 2026 action, a foreign-produced ARD or power inverter that falls within the applicable Covered List category may not obtain a new FCC equipment authorization unless it receives the applicable Conditional Approval. For ARDs, Conditional Approval must be granted by the Department of War; for power inverters, Conditional Approval must be granted by the Department of Homeland Security or the Department of War.

The July 2026 action does not apply retroactively to a product model that held a valid FCC equipment authorization before July 28, 2026. Accordingly, such a product model may continue to be imported, marketed, and sold in the United States, subject to applicable FCC requirements, the scope and continued validity of its existing authorization, and any subsequent FCC actions.

FCC requirements and the Covered List are subject to change, interpretation, and enforcement by U.S. authorities. If products are imported into, marketed, or sold in the United States without satisfying applicable FCC requirements, this could result in limitations on U.S. sales, additional compliance measures, governmental inquiries, customer claims, reputational effects, and increased compliance costs.

OVERVIEW

Our history can be traced back to 2020 when our Company was established as a limited liability company on March 17, 2020 under the name of Dongguan Direct Drive Technology Co., Ltd. (東莞市本末科技有限公司) in the PRC. Over the years, we have evolved into a robotics technology company with direct drive technology as our core capability.

On December 11, 2025, our Company was converted into a joint stock company with limited liability under the name of Direct Drive Tech Limited (本末動力(北京)科技股份有限公司). As of the Latest Practicable Date, Mr. Zhang, our founder, executive Director, chairman of our Board and chief executive officer, controlled approximately 41.30% of our total issued share capital. For details of Mr. Zhang's background, see "Directors and Senior Management" in this document.

MILESTONES

The following table summarizes the key milestones in our corporate and business development.

Year	Milestone
2020	Our Company was established as a limited liability company in Dongguan, Guangdong.
	We launched robotic direct drive actuator module M0601 and M0602 Series.
2021	We launched Diablo robot, which is the first direct drive dual-wheel-legged robot (直驅型雙輪足機器人) commercially introduced in the world according to Frost & Sullivan.
2022	We launched robotic direct drive actuator module M0603 Series.
	Our Company was recognized as a High-tech Enterprise (高新技術企業) by Department of Science and Technology of Guangdong Province (廣東省科學技術廳), Department of Finance of Guangdong Province (廣東省財政廳) and Guangdong Provincial Tax Service, State Taxation Administration (國家稅務總局廣東省稅務局).
2023	We launched TITA robot, which is the first eight-degree-of-freedom dual-wheel-legged robot commercially introduced in the world and the first wheel-legged robot to support dual hot-swappable batteries commercially introduced in the world according to Frost & Sullivan.
2024	We were recognized as the specialized, refined, distinctive, innovative small and medium-sized enterprise in Guangdong Province (廣東省"專精特新中小企業") by the Department of Industry and Information Technology of Guangdong Province (廣東省工信廳).
	We launched the embodied joint module P1010 Series.
	We launched TITATIT robot, as the first reconfigurable wheel-legged robot commercially introduced in the world formed by assembling two TITA units.
2025	Our headquarters was relocated to Beijing and we were converted from a limited liability company into a joint stock company with limited liabilities, and our name was changed to Direct Drive Tech Limited (本末動力(北京)科技股份有限公司).
	We launched D1 robot, as the first fully modular dual-wheel-legged robot (整機模組化雙輪足機器人) commercially introduced in the world according to Frost & Sullivan.
	Our Company was recognized as a National Specialized, Sophisticated, Special and New "Little Giant" Enterprise (國家級專精特新"小巨人") by the Ministry of Industry and Information Technology (工信部).
2026	We commenced mass deliveries of the embodied joint module P0610 Series.
	We launched the embodied joint module HMC Series and commenced commercial deliveries.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had the following subsidiaries which we considered as our major subsidiaries in terms of financial and business contribution during the Track Record Period.

Name	Date of Establishment	Place of Establishment	Shareholding	Principal Business Activities
Guangdong Direct Drive	January 22, 2025	PRC	100%	R&D and sales of robotic actuator modules and robots
Dongguan Direct Drive	November 23, 2018	PRC	100%	Manufacture of robotic actuator modules and robots
Shenzhen Direct Drive	December 21, 2022	PRC	100%	Human resources management and operation service support

MAJOR CORPORATE DEVELOPMENTS AND SHAREHOLDING CHANGES

1. Establishment of our Company

Our Company was established as a limited liability company in the PRC on March 17, 2020 under the name of Dongguan Direct Drive Technology Co., Ltd. (東莞市本末科技有限公司) with an initial registered capital of RMB100,000. At the time of our establishment, our Company was owned by Mr. Zhang, our founder, and Mr. Zhu Zhilong, our vice president, as to 99.90% and 0.10%, respectively.

2. Pre-[REDACTED] Investments

After our establishment, our major shareholding changes were mostly related to the Pre-**[REDACTED]** Investments. From April 2020 to December 2025, we successively underwent several rounds of financings, including Series Seed Financing, Series Angel Financing, Series Angel+ Financing, Series Pre-A Financing, Series A Financing, Series A+ Financing, Series A++ Financing, Series Pre-B Financing, Series B Financing, Series B+ Financing, Series B++ Financing and Series C Financing. See "— Pre-**[REDACTED]** Investments" for further details.

3. Joining of the TMZ Group technical team

Dr. Liu Xuyang founded Shenzhen Tiemeizhong Technology Co., Ltd. (深圳市鐵美眾科技有限責任公司) ("SZTMZ") in July 2020 as its core founder. SZTMZ and its parent company, Hangzhou Tiemeizhonglian Technology Co., Ltd. (杭州鐵美眾聯科技有限公司) ("TMZL", together with SZTMZ, the "TMZ Group"), were principally engaged in the provision of integrated motor and driving solutions. Since May 2022, we had been in discussions with the TMZ Group in relation to the recruitment of certain of their core technical personnel to strengthen our research and development capabilities and business development, and Dr. Liu Xuyang and six other technical personnel of the TMZ Group subsequently joined our Group.

4. Conversion into a joint stock limited liability company

Pursuant to shareholders' resolutions and a promoters' agreement dated November 30, 2025 entered into by our then Shareholders, on December 11, 2025, our Company was converted from a limited liability company to a joint stock company with limited liability (the "**Conversion**") and was renamed Direct Drive Tech Limited (本末動力（北京）科技股份有限公司). Upon completion of the Conversion, the total issued share capital of our Company was 30,000,000 Shares with a nominal value of RMB1.00 each, which were subscribed by our then Shareholders in proportion to their respective interests in our Company before the Conversion.

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our key employees and in order to incentivize them to further promote our development, in January 2023, our Company adopted the Employee Stock Ownership Scheme, which was amended in 2025. In order to implement the amended Employee Stock Ownership Scheme, an additional registered capital of RMB288,325 and RMB104,846 was issued to Worang Zhongchuang and Guyuan Investment, respectively, representing an aggregate of 15% of the then total registered capital of the Company in September 2025.

Worang Zhongchuang was established in the PRC as a limited partnership on June 10, 2020. Juwuxian, a company wholly owned by Mr. Zhang, is the sole general partner of Worang Zhongchuang, holding 0.10% partnership interest. Worang Zhongchuang has five limited partners, namely (i) Zhongchuang No.1, holding 26.07% partnership interest, (ii) Zhongchuang No.2, holding 7.42% partnership interest, (iii) Zhongchuang No.3, holding 46.31% partnership interest, (iv) Mr. Zhang, holding 20% partnership interest, and (v) Zhong Zhiming (鍾志鳴), an employee of the Company, holding 0.10% partnership interest. The voting rights attaching to the Shares held by Worang Zhongchuang are exercisable by Mr. Zhang through its sole general partner Juwuxian.

Juwuxian is the general partner of Zhongchuang No.1, holding 0.01% partnership interest. As of the Latest Practicable Date, Zhongchuang No.1 had 39 limited partners, including (i) Dr. Liu Xuyang, holding 21.78% partnership interest therein; (ii) Mr. Zhang, holding 18.42% partnership interest therein, and (iii) 37 other limited partners, who are employees of our Group, none of them holds 10% or more of the partnership interest therein. Juwuxian is the general partner of Zhongchuang No.2, holding 0.1% partnership interest. As of the Latest Practicable Date, the limited partners of Zhongchuang No.2 was Liao Xuanhong (廖鉉泓) and Mr. Zhang, holding 86.72% and 13.18% partnership interest, respectively. Juwuxian is the general partner of Zhongchuang No.3, holding 0.01% partnership interest. As of the Latest Practicable Date, Zhongchuang No.3 had 13 limited partners, including (i) Dr. Liu Xuyang, holding 56.01% partnership interest therein; (ii) Mr. Zhang Hongbo, holding 13.57% partnership interest therein; (iii) Dr. Huang Yongcan, holding 16.41% partnership interest therein; (iv) Mr. Zhang, holding 2.25% partnership interest therein, and (v) nine other limited partners, who are employees of our Group, none of them holds 10% or more of the partnership interest therein.

Guyuan Investment was established in the PRC as a limited partnership on August 27, 2025. Juwuxian is the sole general partner of Guyuan Investment, holding approximately 95.0% partnership interest. The limited partners of Guyuan Investment are the participants of the Employee Stock Ownership Scheme, including Zhang Yitong (張益通), a former employee of the Company, and Independent Third Party, holding approximately 2.3% partnership interest, Mr. Zhang holding 1% partnership interest and four other employees holding no more than 1% partnership interest. Zhang Yitong was one of the contributors to the overall conceptual design of the Diablo Robot and an early key engineer of the Company. In recognition of his historical contributions to the Company's products, he was permitted to retain his incentive equity following his departure pursuant to a separately negotiated arrangement between the Company and him. The voting rights attaching to the Shares held by Guyuan Investment are exercisable by Mr. Zhang through its sole general partner Juwuxian.

SHARE SUBDIVISION

We expect to conduct the Share Subdivision immediately prior to the **[REDACTED]**, pursuant to which each of our Share with par value of RMB1.00 will be subdivided into ten Shares with par value of RMB0.10 each. Upon completion of such Share Subdivision, the registered capital of our Company, which is RMB31,958,808, will be divided into 319,588,080 Shares with par value of RMB0.10 per Share, which will be **[REDACTED]** by all our then Shareholders in proportion to their respective equity interests in our Company immediately before the **[REDACTED]**, and the number of our **[REDACTED]** Shares will be **[REDACTED]**, without taking into consideration the **[REDACTED]** to be **[REDACTED]** for the **[REDACTED]**.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

REASON FOR THE [REDACTED]

Our Company is seeking the **[REDACTED]** of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, please see "Future Plans and Use of **[REDACTED]**."

PRE-[REDACTED] INVESTMENTS

Our Company entered into several rounds of Pre-**[REDACTED]** Investments with our Pre-**[REDACTED]** Investors.

Principal Terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

As of the Latest Practicable Date, we have received several rounds of the Pre-**[REDACTED]** Investments since the incorporation of our Company. The following table summarizes the key terms of the Pre-**[REDACTED]** Investments to our Company made by the Pre-**[REDACTED]** Investors:

	Series Seed Financing	Series Angel Financing	Series Angel+ Financing	Series Pre-A Financing	Series A Financing	Series A+ Financing	Series A++ Financing	Series Pre-B Financing	Series B Financing[9]	Series B+ Financing	Series B++ Financing	Series C Financing[10]
Date(s) of agreement	April 30, 2020[5]	April 30, 2020	September 4, 2020	February 4, 2021	September 15, 2022	February 1, 2023	June 29, 2023	January 11, 2024	March 27, 2025	May 20, 2025	September 4, 2025	December 26, 2025
Name of investor(s)	Songshan Lake Robot Institute	Yunhe Investment and Qiji Chuangtan	Dongguan Dami[6] and Mr. Ai Min	5Y Qixing , Qiji Chuangtan, Dongguan Dami[6] and Mr. Ai Min	Greenpine Chuangzhi, Lenovo Venture Capital, Nanjing Chuangyi, 5Y Qixing, Qiji Chuangtan, Shenzhen Dami and Runyuan Investment[7]	Liwan Investment, Mr. Zhao Jianguang, Jianyuan Xinbo, Jianyuan Chaohong, and Jianyuan Honggeng	Qiji Chuangtan	Shunxi Venture Capital Fund III, Lenovo Venture Capital and Xinchuang Technology[8]	Advanced Manufacturing Investment, New Material Investment and Shunxi Venture Capital Fund III	Legend Star	Legend Investment, Excelsior Investments, Gongqingcheng Investment, Mr. Zhao Jianguang, Jianyuan Xinbo, Jianyuan Chaohong and Jianyuan Honggeng	Huatai Digital Intelligence, Rockets Capital, Beijing Chengkun, Brizan Ventures VII LP, and Legend Star
Full settlement date	April 30, 2020	December 17, 2020	December 23, 2020	March 15, 2021	January 19, 2023	February 20, 2023	July 6, 2023	January 22, 2024	April 1, 2025	May 23, 2025	September 30, 2025	January 27, 2026
Total amount of registered capital/Number of Shares Subscribed for	RMB54,000	RMB100,000	RMB52,631	RMB131,169	RMB241,035	RMB49,869	RMB2,487	RMB213,203	RMB385,795	RMB106,094	RMB258,328	1,860,072 Shares
Total funds received	RMB300,000	RMB3,000,000	RMB2,500,000	RMB16,620,502	RMB67,191,840	RMB14,000,000	RMB698,186	RMB70,000,000	RMB140,000,000	RMB40,000,000	RMB108,411,300	RMB185,397,000
Approximate cost per Share[1]	RMB0.05	RMB0.29	RMB0.46	RMB1.22	RMB2.68	RMB2.69	RMB2.69	RMB3.15	RMB3.48	RMB3.62	RMB4.03	RMB9.97
Discount to the [REDACTED][2]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Implied pre-money valuation[3]	RMB4,700,000	RMB27,000,000	RMB47,500,000	RMB133,379,498	RMB330,000,000	RMB400,000,000	RMB414,000,000	RMB500,000,000	RMB630,000,000	RMB800,000,000	RMB1,100,000,000	RMB3,000,000,000
Implied post-money valuation[4]	RMB5,000,000	RMB30,000,000	RMB50,000,000	RMB150,000,000	RMB397,191,840	RMB414,000,000	RMB414,698,186	RMB570,000,000	RMB770,000,000	RMB840,000,000	RMB1,208,411,300	RMB3,185,397,000

	Series Seed Financing	Series Angel Financing	Series Angel+ Financing	Series Pre-A Financing	Series A Financing	Series A+ Financing	Series A++ Financing	Series Pre-B Financing	Series B Financing(9)	Series B+ Financing	Series B++ Financing	Series C Financing(10)
Basis of consideration	The consideration was determined based on arm’s length negotiation between the Pre-**[REDACTED]** Investors and our Group with reference to the timing of the investments, the valuation of our business and operating entities at the relevant time.											
Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the **[REDACTED]** (including those held by the Pre-**[REDACTED]** Investors will be subject to a lock-up period of 12 months from the **[REDACTED]**. In addition, our Pathfinder SIIs will also be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules. For details, see “— Lock-up” in this section.											
Use of proceeds from the Pre-[REDACTED] Investments	As of the Latest Practicable Date, approximately 56.0% of the funds received from the Pre-**[REDACTED]** Investments had been utilized. All of such proceeds were utilized for the research and development, capital expenditures and general working capital needs of our Group.											
Reasons for fluctuations in valuation in the Pre-[REDACTED] Investments	The fluctuations in valuation were due to the general business status of our Group, and in particular, the launch and commercialization of our specialist technology products, the advancement of our R&D, and the prevailing market sentiment amongst the venture capital markets at the time when the investments were made. Specifically, (a) the fluctuation in valuation between the Series Angel+ Financing and the Series Pre-A Financing was primarily attributable to the release of the demo of the Diablo robot, which marked a major evolution in our capabilities as we had expanded our core technology from robotic actuator modules to a total robot solution; (b) the fluctuation in valuation between the Series Pre-A Financing and the Series A Financing was primarily attributable to the start of revenue recognition of the Diablo robot, which is the first direct drive dual-wheel-legged robot (直驅型雙輪足機器人) commercially introduced in the world according to Frost & Sullivan; (c) the fluctuation in valuation between in Series A++ Financing and Series Pre-B Financing was primarily attributable to the launch of TITA robot, as the first dual-wheel legged robot with eight degrees of freedom commercially introduced in the world and the first wheel-legged robot commercially introduced in the world to support dual hot-swappable batteries, according to Frost & Sullivan; (d) the fluctuation in valuation between in Series Pre-B Financing and Series B Financing was primarily attributable to the launch of TITATIT robot, as the first reconfigurable wheel-legged robot commercially introduced in the world according to Frost & Sullivan; (e) the fluctuation in valuation between in Series B Financing, the Series B+ Financing and Series B++ Financing were primarily attributable to the launch and revenue recognition of our embodied joint module; (f) the fluctuation in valuation between the Series B++ Financing and the Series C Financing was primarily because (i) our revenue increased by 540.7% from RMB34.4 million for the nine months ended September 30, 2024 to RMB220.3 million for the same period in 2025; and (ii) we launched the D1 robot in October 2025, the world’s first fully modular wheel-legged robot and (g) the fluctuation in valuation between the Series C Financing and the **[REDACTED]** was primarily attributable to the Company’s continued product development and further commercialization progress in its Specialist Technology Products. Notably, the mass production and accelerating shipment performance of robotic actuator module (M5 Series) and the advancement of Robots product pipeline, where the Y99 robot and D2 robot have completed product design and are currently under prototyping, collectively have strengthened the expectation of a significant increase in its financial results of 2026. There were no material fluctuations in our Company’s valuation (1) between the Series Seed Financing and Series Angel+ Financing, (2) between the Series A Financing and the Series A+ Financing, and (3) between the Series A+ Financing and Series A++ Financing, respectively.											
Strategic benefits of the Pre-[REDACTED] Investments	At the time of the Pre-**[REDACTED]** Investments, our Directors were of the view that our Company would benefit from the additional capital that would be provided by the Pre-**[REDACTED]** Investors’ investments in our Company and the Pre-**[REDACTED]** Investors’ knowledge and experience. Our Company is also of the view that the Pre-**[REDACTED]** Investors’ investments demonstrated their confidence in our Group’s operations and served as an endorsement of our Company’s performance and strengths.											

Notes:

(1) The cost per Share presented in the table has been adjusted to take into account the enlarged registered capital of our Company as a result of the Conversion and assuming the Share Subdivision is completed, to facilitate the illustration of discount to the **[REDACTED]**.

(2) The discount to the **[REDACTED]** is calculated based on the currency translation of HK$1.00 to RMB[0.8638] and the **[REDACTED]** is HK$**[REDACTED]** per H share.

(3) The implied pre-money valuation is calculated based on (i) the cost per Share paid to the Company for the corresponding round of Pre-**[REDACTED]** Investment, and (ii) the total registered share capital or issued shares of the Company immediately prior to the corresponding round of Pre-**[REDACTED]** Investment.

(4) The implied post-money valuation is the sum of (i) the pre-money valuation for the corresponding round of Pre-**[REDACTED]** Investment and (ii) the total funds received by our Company from the corresponding round of Pre-**[REDACTED]** Investment.

(5) The key terms of the Series Seed Financing were negotiated and agreed prior to the incorporation of the Company. Therefore, the cost per Share under the Series Seed Financing was lower than that under the Series Angel Financing.

(6) Dongguan Dami conducted an internal transfer of a registered capital of RMB23,676, representing 50% of its equity interest in the Company, to Guangzhou Dami at a consideration of approximately RMB8.94 million pursuant to the share transfer agreement entered into between Dongguan Dami and Guangzhou Dami on November 20, 2025. Such consideration was fully settled in November 2025 and is excluded from the total consideration paid set out in the above table.

(7) Runyuan Investment was one of the investors in our Series A Financing. On March 8, 2024, Runyuan Investment subscribed an additional registered capital of RMB17,969 at a consideration of RMB4.04 million, at a cost per Share of RMB2.16. The cost per Share was lower than that under the Series A Financing because the priority of Runyuan Investment’s shareholder rights is subordinate to that of the investors in the Series A Financing. Such consideration was fully settled in November 2024.

(8) On June 27, 2025, Beijing Xinchuang Technology Venture Capital Center (Limited Partnership) (北京芯創科技一期創業投資中心（有限合夥)) ("**Xinchuang Technology**") entered into a share transfer agreement with Haiguo New Kinetic Energy Investment and our Company, pursuant to which Xinchuang Technology transferred a registered capital of RMB30,458 in our Company to Haiguo New Kinetic Energy Investment at a consideration of approximately RMB11.16 million, which was determined after arm's length negotiations of the parties. Such consideration was fully settled in July 2025 and is excluded from the total consideration paid set out in the above table. Upon completion of the above share transfer, Xinchuang Technology ceased to be our Shareholder.

(9) On April 28, 2025, 5Y Qixing entered into a share transfer agreement with Jingguoguan Investment and our Company, pursuant to which 5Y Qixing transferred a registered capital of RMB56,756 in our Company to Jingguoguan Investment at a consideration of RMB17 million, which was determined after arm's length negotiations of the parties. On the same date, Greenpine Chuangzhi entered into a share transfer agreement with Jingguoguan Investment and our Company, pursuant to which Greenpine Chuangzhi transferred a registered capital of RMB35,937 in our Company to Jingguoguan Investment at a consideration of approximately RMB11.09 million, which was determined after arm's length negotiations of the parties. Those considerations were fully settled in May 2025 and are excluded from the total consideration paid set out in the above table.

(10) On July 4, 2022, our Company, Mr. Zhang and Innoven (Shanghai) Equity Investment Partnership Enterprise (Limited Partnership) (毅峰(上海)股權投資合夥企業(有限合夥)) ("**Innoven**") entered into a convertible bond agreement, pursuant to which Innoven agreed to subscribe for convertible bonds issued by our Company in an aggregate principal amount of RMB13.0 million at an annual interest rate of 10%. As of the Latest Practicable Date, all outstanding amounts under the convertible bonds had been fully repaid by our Company. On July 4, 2022, our Company, Mr. Zhang and Innoven entered into a warrant agreement, pursuant to which our Company issued a warrant to Innoven, entitling it to subscribe for Shares of our Company for a maximum consideration of RMB3.575 million at a subscription price equal to the subscription price of the next round investment (i.e. the Series A Financing). On December 26, 2025, Innoven exercised the warrant by way of cashless exercise, and 98,736 Shares were issued to Innoven at par value.

Rights of the Pre-[REDACTED] Investors

Pursuant to the shareholders' agreement dated December 26, 2025 ("**Shareholders' Agreement**") and the existing memorandum and articles of association of our Company, certain Pre-**[REDACTED]** Investors have, among other rights, redemption rights, pre-emptive rights, anti-dilution rights, liquidation rights, Director appointment rights and information rights. The Pre-**[REDACTED]** investors in financing of Series Seed, Series Angel and Series Angel+ were not granted redemption rights.

Pursuant to the Shareholders' special rights termination agreement dated December 31, 2025, the relevant redemption rights ceased to be exercisable one day before the **[REDACTED]** of the **[REDACTED]** by our Company to the Stock Exchange ("**[REDACTED]**"), provided that such right shall automatically resume and be deemed to have never ceased to be effective upon the earliest occurrence of any of the following events: (i) the voluntary withdrawal by our Company of its **[REDACTED]** for **[REDACTED]**; (ii) our Company's failure to obtain approval from the **[REDACTED]** of the Stock Exchange and complete the filing with the CSRC within 24 months from the date of the **[REDACTED]**, if the hearing of the Stock Exchange has been passed or the filing with the CSRC has been completed, such 24-month period shall be automatically extended by a further 12 months; or (iii) our Company's failure, for whatever reason, to complete the **[REDACTED]** on the Stock Exchange within 12 months from the date on which the filing with the CSRC is completed. All other shareholders' special rights granted under the foregoing documents will be automatically terminated upon or before the **[REDACTED]** in accordance with the terms of the Shareholders' special rights termination agreement.

Information about our Pre-[REDACTED] Investors

The background information of our Pre-**[REDACTED]** Investors, including our Sophisticated Independent Investors and Pathfinder SIIs as defined in Chapter 2.5 of the Guide for New Listing Applicants, is set out below.

Among our Pre-**[REDACTED]** Investors, we have five Sophisticated Independent Investors. Among our Sophisticated Independent Investors, three investors (namely Shunxi Fund, Lenovo Venture Capital, Greenpine Chuangzhi (as defined below)) are our Pathfinder SIIs. Our Pathfinder SIIs, in aggregate, had been holding approximately no less than 14.24% of the total issued Shares as at the date of our **[REDACTED]** and throughout the **[REDACTED]** 12-month period, among which, two investors (namely Shunxi Fund and Lenovo Venture Capital) each had been holding more than 3% of the total issued Shares as at the date of our **[REDACTED]** and throughout the **[REDACTED]** 12-month period. Our Sophisticated Independent Investors, in aggregate, will hold approximately no less than **[REDACTED]**% of the total issued Shares at the time of **[REDACTED]**. For details of the ownership percentage of shareholding in our Company's share capital of each of the Sophisticated Independent Investors, see "—Our Capitalization." Save for being a Shareholder and as disclosed herein, each of our Sophisticated Independent Investors is independent from and not connected with any director, supervisor (if any), chief executive or substantial shareholder of our Company, its subsidiaries or any of their respective close associates (within the meaning of the Listing Rules). Accordingly, each of the Sophisticated Independent Investors satisfies the independence requirements under Chapter 2.5 of the Guide for New Listing Applicants.

As of the Latest Practicable Date, our Sophisticated Independent Investors held, in aggregate, approximately 32.07% in the total issued share capital of our Company, and will hold, in aggregate, no less than **[REDACTED]** in the total issued share capital of our Company, assuming that our expected **[REDACTED]** at the time of **[REDACTED]** will be **[REDACTED]**.

Pathfinder SIIs

Shunxi Fund (being Shunxi Venture Capital Fund III and New Material Investment)

Each of Beijing Shunxi Venture Capital Fund III, L.P. (北京順禧三期創業投資基金(有限合夥)) ("**Shunxi Venture Capital Fund III**") and Beijing New Material Industry Investment Fund (Limited Partnership) (北京市新材料產業投資基金(有限合夥)) ("**New Material Investment**") is a limited partnership established in the PRC on December 29, 2021 and June 20, 2024, respectively. Both Shunxi Venture Capital Fund III and New Material Investment are mainly engaged in equity investment, investment management and asset management. The investments in our Company made by Shunxi Venture Capital Fund III and New Material Investment are aggregated since both entities are managed by the same fund manager, Beijing Shunxi Venture Capital Fund Management Co., Ltd. (北京順禧私募基金管理有限公司) ("**Shunxi Fund**") (formerly known as Beijing Shunxi Equity Investment Fund Management Co., Ltd. (北京順禧股權投資基金管理有限公司)) as the general partner or through the entrusted management agreement entered into with the general partners of such fund. Shunxi Fund is wholly owned by Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司) ("**Beijing State-owned Capital**").

The general partner of Shunxi Venture Capital Fund III is Shunxi Fund. Shunxi Venture Capital Fund III has seven limited partners, including (i) Beijing State-owned Capital, which contributes approximately 48.89% of the partnership interest therein and wholly owned by State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government (北京市人民政府國有資產監督管理委員會) ("**Beijing State-owned Assets Administration Commission**"); and (ii) six other limited partners, none of which contributes 30% or more of the partnership interest therein.

The general partners of New Material Investment are Beijing Zhongguancun Capital Fund Management Co., Ltd. (北京中關村資本基金管理有限公司) ("**Zhongguancun Capital Fund**") and Beijing Jingguoguan Property Management Co., Ltd. (北京京國管置業管理有限公司) ("**Beijing Jingguoguan Property Management**"). Zhongguancun Capital Fund is ultimately controlled by Beijing State-owned Assets Administration Commission. Beijing Jingguoguan Property Management is wholly owned by Beijing State-owned Capital. The sole limited partner of New Material Investment is Beijing Municipal Government Investment Guidance Fund (Limited Partnership) (北京市政府投資引導基金(有限合夥)) ("**Beijing Municipal Guidance Fund**"). Beijing Municipal Guidance Fund is contributed as to 99.996% by Beijing State-owned Capital as its limited partner and as to 0.004% by Beijing Municipal Government Investment Guidance Fund Management Co., Ltd. (北京市政府投資引導基金管理有限公司) as its general partner, which is owned as to 50% by Beijing Jingguoguan Property Management and as to 50% by Beijing Jingguoguan Property Investment Co., Ltd. (北京京國管置業投資有限公司)("**Beijing Jingguoguan Property Investment**"), which is wholly owned by Beijing State-owned Capital.

Shunxi Fund was established in the PRC in September 2015 and is wholly owned by Beijing State-owned Capital. Shunxi Fund focuses on the equity investment and has invested in various companies across artificial intelligence, pharmaceuticals and healthcare, new materials, and smart manufacturing sectors. Shunxi Fund, as the general partner of Shunxi Venture Capital Fund III, has the right to appoint the members of the Shunxi Venture Capital Fund III's investment decision-making committee. As of December 31, 2023 (being a date not more than six months prior to the date on which Shunxi Venture Capital Fund III signed its first definitive agreement for its investment in our Series Pre-B Financing) and December 22, 2025 (being a date not more than six months prior to the First Filing), the assets under management ("**AUM**") of Shunxi Fund was over RMB32.4 billion and

RMB58.2 billion, respectively. As the AUM of Shunxi Fund meets the threshold set out in Chapter 2.5 of the Guide for New Listing Applicants, Shunxi Fund qualifies as a Sophisticated Independent Investor.

We became acquainted with Shunxi Fund during Series Pre-B Financing. Shunxi Fund invested in our Company through Shunxi Venture Capital Fund III in Series Pre-B Financing in January 2024 and through Shunxi Venture Capital Fund III and New Material Investment in Series B Financing in March 2025. Upon the completion of Series Pre-B Financing, Shunxi Venture Capital Fund III held approximately 7.89% of the then issued share capital of our Company. Upon the completion of Series B Financing, Shunxi Venture Capital Fund III and New Material Investment held approximately 7.76% and 3.90% of the then issued share capital of our Company, respectively. Shunxi Fund, through Shunxi Venture Capital Fund III and New Material Investment, held no less than 7.89% of the issued share capital of our Company throughout the **[REDACTED]** 12-month period and approximately 8.07% of the issued share capital of our Company at the time of our **[REDACTED]**. Shunxi Fund is one of our Pathfinder SIIs.

Lenovo Venture Capital

Lenovo SME Development Venture Capital Fund (Tianjin) Partnership (Limited Partnership) (聯想中小企業發展創業投資基金(天津)合夥企業(有限合夥)) ("**Lenovo Venture Capital**") is a limited partnership established in the PRC on December 7, 2021, mainly engaged in equity investment. It is owned as to (i) 1.1% by Tianjin Zhiji Xingyuan Erhao Investment Management Center (Limited Partnership) (天津知己行遠二號投資管理中心(有限合夥)) ("**Tianjin Zhiji Xingyuan Erhao**") as its general partner; (ii) 48.9% by Lenovo Zhiyuan (Tianjin) Technology Co., Ltd. (聯想知遠(天津)科技有限公司) ("**Lenovo Zhiyuan**") as a limited partner, (iii) 30% by China SME Development Fund Co., Ltd (國家中小企業發展基金有限公司) as a limited partner which is ultimately controlled by Ministry of Finance of the People's Republic of China (中華人民共和國財政部), and (iv) two other limited partners, each holding no more than 30% of partnership interest. Lenovo Venture Capital is managed by its fund manager, Lenovo Innovation (Tianjin) Investment Management Co., Ltd. (聯想創新（天津）投資管理有限公司), which is directly owned as to 80% by Lenovo (Beijing) Co., Ltd. (聯想（北京）有限公司), which is wholly-owned by Lenovo Group Limited (聯想集團有限公司) (stock code: 992.HK) ("**Lenovo Group**"), and as to 20% by Songhe Changqing (Tianjin) Management Consulting Center (Limited Partnership) (松鶴長青（天津）管理諮詢中心（有限合夥）), which is controlled by Lenovo Group through voting rights entrustment agreement. All members of Lenovo Venture Capital's investment decision-making committee are appointed by Tianjin Zhiji Xingyuan Erhao, which ultimately makes and controls the investment decisions.

Both Tianjin Zhiji Xingyuan Erhao and Lenovo Zhiyuan are controlled by Lenovo Group through contractual arrangements. According to Frost & Sullivan, Lenovo Group is a key participant in the downstream industry of the Company in terms of robotics products and services as part of the IT solutions offered by Lenovo Group to its customers. China's IT solutions and services market reached over USD18 billion in the first half of 2022 and approximately USD35 billion in the first three quarters of 2025, with Lenovo Group holding a market share of approximately 3% and 6%, ranking among the top three in the industry. Leveraging its leading share in the IT solutions market and extensive customer base, Lenovo Group possesses strong advantages in deploying robotic applications and implementing scenario-based solutions, further establishing its leading position in the downstream robotics application sector. As of June 30, 2022 (being a date not more than six months prior to the date on which Lenovo Venture Capital signed its first definitive agreement for its investment in our Series A Financing) and September 30, 2025 (being a date not more than six months prior to the First Filing), Lenovo Group ranked among the top three players in China's IT solutions and services market by revenue. Therefore, Lenovo Venture Capital meets the requirement set out in Chapter 2.5 of the Guide and qualifies as a Sophisticated Independent Investor.

We became acquainted with Lenovo Venture Capital during Series A Financing. Lenovo Venture Capital invested in our Company in September 2022 through Series A Financing and January 2024 through Series Pre-B Financing. Lenovo Venture Capital held no less than 3.83% of the issued share capital of our Company throughout the **[REDACTED]** 12-month period and approximately 3.83% of the issued share capital of our Company at the time of our **[REDACTED]**. Lenovo Venture Capital is one of our Pathfinder SIIs.

Green Pine Capital

Shenzhen Greenpine Chuangzhi Venture Capital Investment Partnership (Limited Partnership) (深圳松禾創智創業投資合夥企業(有限合夥)) ("**Greenpine Chuangzhi**") is a limited partnership established in the PRC on March 27, 2018. Greenpine Chuangzhi is owned as to 2.1% and managed by its general partner, Shenzhen Greenpine Chuangzhi Private Equity Venture Capital Fund Management Partnership (Limited Partnership) (深圳松禾創智私募創業投資基金管理合夥企業(有限合夥)) ("**Greenpine Chuangzhi Management**"), which is ultimately controlled by Wang Yang (汪洋). Greenpine Chuangzhi has 13 limited partners, including (i) Shenzhen Guidance Fund Investment Co., Ltd. (深圳市引導基金投資有限公司) (wholly owned by Shenzhen Finance Bureau (深圳市財政局)), which holds 25% partnership interest therein; (ii) Shenzhen Futian Guidance Fund Investment Co., Ltd. (深圳市福田引導基金投資有限公司) (wholly owned by the Shenzhen Futian District State-owned Assets Supervision and Administration Bureau (深圳市福田區國有資產監督管理局)), which holds 20% partnership interest therein; and (iii) 11 other limited partners, none of which holds 30% or more of the partnership interest therein.

Green Pine Capital group consists of several operating entities and fund entities including, among others, Greenpine Chuangzhi Management and Greenpine Chuangzhi, all of which are under the management of Li Wei (厲偉), Luo Fei (羅飛) and Wang Yang (汪洋), who are ultimately responsible for the operations and investment directions of the funds under Green Pine Capital group, and operated under the same brand name of "Green Pine Capital (松禾資本)". Green Pine Capital group is an investment firm group with a primary focus on investing in early-stage and growth-stage companies. Its investment portfolio includes companies listed on the Stock Exchange, such as Shenzhen Dobot Corp Ltd (深圳市越疆科技股份有限公司) (stock code: 2432.HK), SenseTime Group Inc. (商湯集團股份有限公司) (stock code: 0020.HK) and UBTECH ROBOTICS CORP LTD (深圳市優必選科技股份有限公司) (stock code: 9880.HK). The majority of the members of Greenpine Chuangzhi's investment decision-making committee are appointed by Greenpine Chuangzhi Management, which ultimately makes and controls the investment decisions. As of June 30, 2022 (being a date not more than six months prior to the date on which Greenpine Chuangzhi signed the relevant definitive agreement for its investment in our Series A Financing) and September 30, 2025 (being a date not more than six months prior to the First Filing), Green Pine Capital group had an aggregate AUM over RMB16 billion and RMB23 billion, respectively.

We became acquainted with Greenpine Chuangzhi during Series A Financing. Greenpine Chuangzhi invested in our Company in September 2022. Greenpine Chuangzhi held no less than 2.34% of the issued share capital of our Company throughout the **[REDACTED]** 12-month period and approximately 2.34% of the issued share capital of our Company at the time of our **[REDACTED]**. Greenpine Chuangzhi is one of our Pathfinder SIIs.

Other Sophisticated Independent Investors

Jingguorui Management Company (being Advanced Manufacturing Investment and Jingguoguan Investment)

Each of Beijing Advanced Manufacturing and Intelligent Equipment Industry Investment Fund (Limited Partnership) (北京市先進製造和智能裝備產業投資基金(有限合夥)) ("**Advanced Manufacturing Investment**") and Beijing Jingguoguan Equity Investment Fund (Limited Partnership) (北京京國管股權投資基金(有限合夥)) ("**Jingguoguan Investment**") is a limited partnership established in the PRC on June 20, 2024 and March 15, 2022, respectively. Both Advanced Manufacturing Investment and Jingguoguan Investment are mainly engaged in equity investment, and managed by Beijing Jingguorui Equity Investment Fund Management Co., Ltd. (北京京國瑞股權投資基金管理有限公司) ("**Jingguorui Management Company**"), which is directly owned as to 81% by Beijing State-owned Capital. The investments in our Company made by Advanced Manufacturing Investment and Jingguoguan Investment are aggregated since both entities are managed by the same fund manager, Jingguorui Management Company, through the respective entrusted management agreements entered into with the general partner(s) of each fund.

The general partners of Advanced Manufacturing Investment are Beijing Jingguoguan Property Management and Beijing Xianfeng Jishi Equity Investment Management Limited Partnership (北京先鋒基石股權投資管理合夥企業 (有限合夥)) ("**Beijing Xianfeng Jishi Equity**"). Beijing Xianfeng Jishi Equity is ultimately controlled by Zhang Wei (張維). The sole limited partner of Advanced Manufacturing Investment is Beijing Municipal Guidance Fund, which holds 99% of the partnership interest therein.

The general partner of Jingguoguan Investment is Beijing Jingguorui Investment Management Co., Ltd. (北京京國瑞投資管理有限公司), which is ultimately owned by Beijing State-owned Capital. The largest limited partner of Jingguoguan Investment is Beijing State-owned Capital, which holds approximately 51.94% of the partnership interest therein and is wholly owned by Beijing State-owned Assets Administration Commission. None of the other limited partners of Jingguoguan Investment holds 30% or more of its partnership interest therein.

The investment decision-making committee of Advanced Manufacturing Investment is constituted by three members respectively appointed by Beijing State-owned Capital, Beijing Xianfeng Jishi Equity and Beijing Municipal Guidance Fund (being ultimately controlled by Beijing State-owned Capital). The investment decision-making committee of Jingguoguan Investment is constituted by five members, four of whom are appointed by Beijing State-owned Capital. Beijing Xianfeng Jishi Equity, as one of the general partners of Advanced Manufacturing Investment, participates in the investment decision-making process through its appointment right to one member of the investment decision-making committee. The general partner of Jingguoguan Investment does not participate in the investment decision-making process.

As of December 31, 2024 (being a date not more than six months prior to the date on which Advanced Manufacturing Investment signed its definitive agreement for its investment in our Series B Financing) and September 30, 2025 (being a date not more than six months prior to the First Filing), the AUM of Jingguorui Management Company was over RMB83 billion and RMB86 billion, respectively. As the AUM of Jingguorui Management Company meets the threshold set out in Chapter 2.5 of the Guide for New Listing Applicants, Jingguorui Management Company qualifies as a Sophisticated Independent Investor.

We became acquainted with Advanced Manufacturing Investment during Series B Financing. Advanced Manufacturing Investment held approximately 8.98% of the issued share capital of our Company at the time of our **[REDACTED]**.

We became acquainted with Jingguoguan Investment during the share transfer between our Shareholders in April 2025. Jingguoguan Investment held approximately 3.02% of the issued share capital of our Company at the time of our **[REDACTED]**.

Legend Capital

Shenzhen Legend Shenyun Private Equity Investment Fund Partnership (Limited Partnership) (深圳君聯深運私募股權投資基金合夥企業(有限合夥)) ("**Legend Investment**") is a limited partnership established in the PRC on September 29, 2021, mainly engaged in equity investment, investment management and asset management. Legend Investment is owned as to 1.95% and managed by its general partner, Shenzhen Legend Qisheng Management Consulting Co., Ltd. (深圳君聯祺盛管理諮詢有限公司), which is wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**"). Legend Capital is controlled by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司), which in turn is held as to 40% by Mr. Chen Hao (陳浩), 20% by Mr. Zhu Linan (朱立南), 20% by Mr. Li Jiaqing (李家慶) and 20% by Mr. Wang Nengguang (王能光). Legend Investment has 26 limited partners, including (i) Shenzhen Guiding Fund Investment Co., Ltd. (深圳市引導基金投資有限公司), which holds approximately 21.46% of the partnership interest therein and is wholly owned by Shenzhen Municipal Bureau of Finance (深圳市財政局); (ii) Beijing Liande Qihui Enterprise Management Co., Ltd. (北京聯德企慧企業管理有限公司), which holds approximately 11.95% of the partnership interest therein and is wholly owned by Legend Holdings Corporation (聯想控股股份有限公司) (stock code: 3396.HK), and (iii) 24 other limited partners, none of which holds 30% or more of the partnership interest therein.

Founded in 2003, Legend Capital is a leading investor focusing on the early-stage and growth-stage opportunities in China. As of June 30, 2025 (being a date not more than six months prior to the date on which Legend Investment signed its definitive agreement for its investment in our Series B++ Financing) and September 30, 2025 (being a date not more than six months prior to the First Filing), the AUM of Legend Capital was over RMB20 billion and RMB20 billion, respectively. Therefore, Legend Investment meets the threshold set out in Chapter 2.5 of the Guide and qualifies as a Sophisticated Independent Investor.

We became acquainted with Legend Investment during Series B++ Financing. Legend Investment held approximately 5.83% of the issued share capital of our Company at the time of our **[REDACTED]**.

Other Pre-*[REDACTED] *Investors

Legend Star

Beijing Xinglin Venture Capital Partnership (Limited Partnership) (北京星麟創業投資合夥企業(有限合夥)) ("**Legend Star**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on April 13, 2021, mainly engaged in venture capital investment, investment management and consulting services. It is managed by its general partner, Qushui County Xinghuan Entrepreneurship Investment Management Center (Limited Partnership) (曲水縣星環創業投資管理中心(有限合夥)), holding approximately 1% of the partnership interest therein, which is in turn ultimately controlled by Legend Holdings Corporation (聯想控股股份有限公司). The largest limited partner of Legend Star is Beijing Lianrong Kefa Equity Investment Partnership Enterprise (Limited Partnership) (北京聯融科發股權投資合夥企業 (有限合夥)), holding 24.66% of the partnership interest therein, which is ultimately controlled by Legend Holdings Corporation. None of the limited partners of Legend Star holds 30% or more of its partnership interest.

Mr. Ai Min (艾民), Dongguan Dami, Guangzhou Dami and Shenzhen Dami

Mr. Ai Min, is a PRC resident and an individual Pre-**[REDACTED]** Investor of the Company. Mr. Ai Min has extensive experience in equity investment, his investments include Hesai Group (禾賽科技) (a company listed on the Stock Exchange (stock code: 2525.HK)). Mr. Ai Min is also the founder and chairman of Shenzhen Dami Growth Private Venture Capital Fund Co., Ltd. (深圳市大米成長私募創業投資基金有限公司) ("**Shenzhen Dami PE Investment**").

Dongguan Dami Growth Venture Capital Partnership Enterprise (Limited Partnership) (東莞大米成長創業投資合夥企業(有限合夥)) ("**Dongguan Dami**"), formerly known as Dongguan Dongli Dami Growth Intelligent Manufacturing Partnership Enterprise (Limited Partnership) (東莞東理大米成長智能製造合夥企業(有限合夥)), is an equity investment fund in a form of limited partnership established under the laws of the PRC on June 14, 2018, mainly engaged in venture capital investment, investment management and consulting services. It is managed by its general partner, Dongguan Dami Excellent Growth Entrepreneurship Investment Management Co., Ltd. (東莞大米卓越成長創業投資管理有限公司), holding approximately 2.43% of the partnership interest therein, which is ultimately controlled by Mr. Ai Min. None of the limited partners of Dongguan Dami holds 30% or more of its partnership interest.

Guangzhou Dami Growth Venture Capital Partnership Enterprise (Limited Partnership) (廣州市大米成長創業投資合夥企業（有限合夥）) ("**Guangzhou Dami**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on November 24, 2023, mainly engaged in venture capital investment, investment management and consulting services. It is managed by its general partner, Shenzhen Dami PE Investment, holding approximately 1% of the partnership interest therein, which is ultimately controlled by Mr. Ai Min. The largest limited partner of Guangzhou Dami is Jiaxing Ruisi Venture Investment Partnership Enterprise (Limited Partnership) (嘉興瑞思創業投資合夥企業 (有限合夥)), holding approximately 44.67% of the partnership interest therein, which is ultimately controlled by Mr. Ai Min. None of the other limited partners of Guangzhou Dami holds 30% or more of its partnership interest.

Shenzhen Dami Growth Angel Investment Partnership Enterprise (Limited Partnership) (深圳市大米成長天使投資合夥企業(有限合夥)) ("**Shenzhen Dami**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on December 29, 2021, mainly engaged in venture capital investment. It is managed by its general partner, Shenzhen Dami PE Investment, holding approximately 1% of the partnership interest therein, which is ultimately controlled by Mr. Ai Min. None of the limited partners of Shenzhen Dami holds 30% or more of its partnership interest.

Miracle Plus

Beijing Qiji Chuangtan Phase I Venture Capital Center (Limited Partnership) (北京奇績創壇一期創業投資中心(有限合夥)) ("**Qiji Chuangtan**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on March 13, 2020, mainly engaged in venture capital investment and investment management. Qiji Chuangtan is managed by Miracle Plus (Beijing) Investment Management Co., Ltd. (奇績創壇（北京）投資管理有限責任公司) ("**Miracle Plus (Beijing)**") as its fund manager. Miracle Plus (Beijing) is one of major operating entities under the Miracle Plus brand and is ultimately controlled by Dr. Lu Qi (陸奇). Qiji Chuangtan's general partner is Beijing Qiji Chuangtan Xingfang Enterprise Management Center (Limited Partnership) (北京奇績創壇行方企業管理中心(有限合夥)), holding approximately 1% of the partnership interest therein, which is ultimately controlled by Mao Shengbo (毛聖博), Jing Peng (景鵬) and Guo Rui (郭鋭), who are all employees of Miracle Plus (Beijing). The largest limited partner of Qiji Chuangtan is Gongqingcheng Yintai Jiaji Investment Management Partnership Enterprise (Limited Partnership) (共青城銀泰嘉吉投資管理合夥企業(有限合夥)), holding 18% of the partnership interest therein. None of the other limited partners of Qiji Chuangtan holds 30% or more of its partnership interest.

5Y

Nanjing Wuyuan Qixing Venture Capital Investment Center (Limited Partnership) (南京五源啟興創業投資中心(有限合夥)) ("**5Y Qixing**") is a limited partnership established in the PRC on August 19, 2020, mainly engaged in venture capital investment, whose general partner is Nanjing Wuyuan Chuxing Equity Investment Center (Limited Partnership) (南京五源初興股權投資中心(有限合夥)), holding approximately 0.28% of the partnership interest therein, which is controlled by its general partner, Shanghai Xingshang Enterprise Management Consulting Co., Ltd. (上海興尚企業管理諮詢有限公司), which is in turn held as to 50% by each of Mr. LIU Qin (劉芹) and Mr. WANG Zhenting (王振庭). 5Y Qixing is managed by Shanghai Xingpan Private Equity Fund Management Co., Ltd. (上海興畔私募基金管理有限公司), which is ultimately controlled by Mr. LIU Qin (劉芹). None of the limited partners of 5Y Qixing holds 30% or more of its partnership interest.

SenseTime

Beijing Chengkun Management Consulting Partnership Enterprise (Limited Partnership) (北京成琨管理諮詢合夥企業(有限合夥)) ("**Beijing Chengkun**") is a limited partnership established under the laws of the PRC on December 2, 2025, mainly engaged in corporate management consulting services and information consulting services. It is managed by its general partner, Beijing Chengtang Consulting Management Co., Ltd. (北京成唐諮詢管理有限公司), which is wholly-owned by Hu Yutong (扈與同). The largest limited partner of Beijing Chengkun is Beijing Guoxiang Shangheng Equity Investment Fund Partnership Enterprise (Limited Partnership) (北京國香商恒股權投資基金合夥企業（有限合夥）) ("**Guoxiang Shangheng**"), holding approximately 97.55% of the partnership interest. Guoxiang Shangheng is managed by its general partner, Beijing Chengtang Consulting Management Co., Ltd. (北京成唐諮詢管理有限公司), which is wholly-owned by Hu Yutong (扈與同). None of the limited partners of Guoxiang Shangheng holds 30% or more of its partnership interest. The fund manager of Guoxiang Shangheng is Beijing Guoxiang Shangheng Private Equity Fund Management Co., Ltd. （北京國香商恒私募基金管理有限公司）, which is wholly-owned by SenseTime Investment Limited, a wholly-owned subsidiary of SenseTime Group Inc. (商湯集團股份有限公司) (stock code: 0020.HK). None of the other limited partners of Beijing Chengkun holds 30% or more of its partnership interest.

Songshan Lake Robot Institute and Yunhe Investment

Dongguan Songshan Lake International Robot Research Institute Co., Ltd. (東莞松山湖國際機器人研究院有限公司) ("**Songshan Lake Robot Institute**") is a limited company incorporated under the laws of the PRC on February 1, 2016. It is principally engaged in the incubation of hard technology start-ups and the cultivation of the intelligent hardware industrial ecosystem, covering emerging engineering education and talent training, early-stage start-up incubation and investment, supply chain and intelligent manufacturing services, and the development of industrial ecosystems. Songshan Lake Robot Institute is ultimately controlled by Professor Li Zexiang (李澤湘).

Dongguan Yunhe Equity Investment Co., Ltd. (東莞蘊和股權投資有限公司) ("**Yunhe Investment**") is a limited company incorporated under the laws of the PRC on December 20, 2017, mainly engaged in equity and venture capital investment. Yunhe Investment is a wholly owned subsidiary of CWB Startup Invest HK Limited, which is ultimately controlled by Professor Li Zexiang.

Excelsior Investments and Runyuan Investment

Excelsior Investments

Excelsior Achieve Investments Limited ("**Excelsior Investments**") is a private limited company established in Hong Kong on July 8, 2021 for investment holding purpose. Excelsior Investments is ultimately controlled by Wang Shunlong (王順龍).

Runyuan Investment

Dongguan Runyuan Equity Investment Partnership Enterprise (Limited Partnership) (東莞市潤原股權投資合夥企業(有限合夥)) ("**Runyuan Investment**") is a limited partnership established under the laws of the PRC on December 1, 2022, mainly engaged in equity investment and corporate management consulting services. Its general partner is Hainan Sanzheng Shouzheng Health Management Co., Ltd. (海南叁正守正健康管理有限公司) ("**Hainan Sanzheng**"), holding approximately 6.60% of the partnership interest therein, which is ultimately controlled by Sheng Li (盛利). The limited partners of Runyuan Investment include (i) Nanjing Jianye Sanzheng Zhengzhi Venture Capital Partnership Enterprise (Limited Partnership) (南京建鄴叁正正知創業投資合夥企業（有限合夥）) ("**Nanjing Sanzheng**"), which is ultimately controlled by Sheng Li (盛利), holding approximately 66.75% of the partnership interest, (ii) Mr. Zhang, holding approximately 13.33% of the partnership interest, and (iii) Wang Wenzheng (王穩正), holding approximately 13.33% of the partnership interest.

Hainan Sanzheng, Nanjing Sanzheng and Excelsior Investments are investment vehicles of 3H Health Investment Funds (三正健康投資基金) ("**3H Health Investment**"). 3H Health Investment are private equity investment funds specializing in investments in sectors related to life sciences, healthcare and technology.

Huatai Digital Intelligence

Chengdu Huatai Tianfu Digital Intelligence Venture Capital Partnership Enterprise (Limited Partnership) (成都華泰天府數智創業投資合夥企業(有限合夥)) ("**Huatai Digital Intelligence**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on June 14, 2024, mainly engaged in venture capital investment and private equity investment. It is managed by its general partner, Huatai Zijin Investment Co., Ltd. (華泰紫金投資有限責任公司), which is wholly owned by Huatai Securities Co., Ltd., the H shares and A shares of which are listed on the Stock Exchange (stock code: 6886.HK) and the Shanghai Stock Exchange (stock code: 601688.SH). Huatai Digital Intelligence has four limited partners and is owned as to approximately 54.45% of the partnership interest by Chengdu Tiantou Jinli Equity Investment Fund Partnership (Limited Partnership) (成都天投錦利股權投資基金合夥企業(有限合夥)), which is ultimately controlled by Sichuan Tianfu New Area Finance and State-owned Assets Bureau (四川天府新區財政國資局), and as to approximately 45.19% by the other three limited partners, none of which holds 30% or more of its partnership interest.

Mr. Zhao Jianguang (趙建光), Gongqingcheng Investment and Jianyuan Entities

Mr. Zhao Jianguang, is a PRC resident and an individual Pre-**[REDACTED]** Investor of the Company. Mr. Zhao Jianguang has extensive investment experience in various sectors including new energy power and manufacturing. Mr. Zhao Jianguang is also the chief executive officer of JYTH Investment Management (Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司).

Gongqingcheng Investment

Gongqingcheng Shunjing Jiuying Equity Investment Partnership Enterprise (Limited Partnership) (共青城順景久贏股權投資合夥企業(有限合夥)) ("**Gongqingcheng Investment**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on July 18, 2025, mainly engaged in venture capital investment, investment management and asset management. It is managed by its general partner, Jianyuan Tianhua Investment Management(Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司), which is ultimately controlled by Mr. Zhao Jianguang (趙建光). The sole limited partner of Gongqingcheng Investment is Zhang Chunde (張春德), holding 99% of the partnership interest.

Jianyuan Honggeng

Beijing Jianyuan Honggeng Investment Management Partnership (Limited Partnership) (北京建元泓賡投資管理合夥企業(有限合夥)) ("**Jianyuan Honggeng**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on May 21, 2015, mainly engaged in corporate management, asset management, and investment consulting services. It is managed by its general partner, Jianyuan Tianhua Investment Management (Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司), which is ultimately controlled by Mr. Zhao Jianguang. The sole limited partner of Jianyuan Honggeng is Wang Xiong (王熊), holding 99% of the partnership interest.

Jianyuan Xinbo

Beijing Jianyuan Xinbo Private Equity Investment Center (Limited Partnership) (北京建元鑫鉑股權投資中心 (有限合夥)) ("**Jianyuan Xinbo**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on June 14, 2011, mainly engaged in venture capital investment and investment consulting services. It is managed by its general partner, Jianyuan Tianhua Investment Management (Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司), which is ultimately controlled by Mr. Zhao Jianguang. The sole limited partner of Jianyuan Xinbo is Shanxi Xinborui Investment Co., Ltd. (山西鑫鉑睿投資有限公司) which is wholly owned by Quan Zhefeng (權鍺峰), holding 99% of the partnership interest.

Jianyuan Chaohong

Beijing Jianyuan Chaohong Investment Management Center (Limited Partnership) (北京建元超虹投資管理中心(有限合夥)) ("**Jianyuan Chaohong**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on June 8, 2015, mainly engaged in investment management, investment consulting, corporate management and asset management services. It is managed by its general partner, Jianyuan Tianhua Investment Management (Beijing) Co., Ltd. (建元天華投資管理(北京)有限公司) which is ultimately controlled by Mr. Zhao Jianguang. The sole limited partner of Jianyuan Chaohong is Yu Xingchao (于行超), holding 99% of the partnership interest.

Liwan Investment

Guangdong Liwan Equity Investment Partnership (Limited Partnership) (廣東立灣股權投資合夥企業(有限合夥)) ("**Liwan Investment**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on October 19, 2021, mainly engaged in the equity investment. It is managed by its general partner, Guangdong Liwan Venture Capital Management Co., Ltd. (廣東立灣創業投資管理有限公司), which is ultimately controlled by Zhan Guangjiu (詹光玖). The largest limited partner of Liwan Investment is Zhanjiang Infrastructure Construction Investment Group Co., Ltd. (湛江市基礎設施建設投資集團有限公司), holding approximately 28.69% of the partnership interest therein. None of the limited partners of Liwan Investment holds 30% or more of its partnership interest.

Rockets Capital

Rockets Capital L.P. is an equity investment fund in a form of a limited partnership established under the laws of the Cayman Islands on December 2, 2021. Rockets Capital L.P. focuses on investing in startup companies in the smart electric vehicle industry chain, clean energy, and frontier technology sectors. Rockets Capital, a limited liability company incorporated in the Cayman Islands, is the general partner and manager of Rockets Capital L.P., holding approximately 0.61% partnership interest and is ultimately controlled by Yuan Bing (袁兵), Gu Hongdi (顧宏地) and He Xiaopeng (何小鵬). As of the Latest Practicable Date, Rockets Capital L.P. had 16 limited partners, among which XPeng Inc., an exempted company incorporated in Cayman Islands with limited liability whose American depository shares were listed on the New York Stock Exchange (NYSE: XPEV) and whose Class A ordinary shares were listed on the Stock Exchange (stock code: 9868.HK), was the largest limited partner holding approximately 60.73% of the partnership interest in Rockets Capital L.P.. None of the other limited partners of Rockets Capital L.P. holds 30% or more of its partnership interest.

Haiguo New Kinetic Energy Investment

Beijing Haiguo New Kinetic Energy Equity Investment Fund Partnership Enterprise (Limited Partnership) (北京海國新動能股權投資基金合夥企業(有限合夥)) ("**Haiguo New Kinetic Energy Investment**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on March 20, 2020, mainly engaged in investment management and consulting services. It is managed by its general partner, Beijing Cuiwei Private Equity Fund Management Co., Ltd. (北京翠微私募基金管理有限公司), which is ultimately controlled by State-owned Assets Administration Commission of Haidian District, Beijing (北京市海淀區人民政府國有資產監督管理委員會) ("**Haidian State-owned Assets**"). The limited partner of Haiguo New Kinetic Energy Investment is Beijing Cuiwei Group Co., Ltd. (北京翠微集團有限責任公司), holding 99.8% of the partnership interest, which is also ultimately controlled by Haidian State-owned Assets.

Horizon

Nanjing Chuangyi Horizon Haisong Venture Capital Partnership Enterprise (Limited Partnership) (南京創熠地平綫海松創業投資合夥企業(有限合夥)) ("**Nanjing Chuangyi**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on December 14, 2020, mainly engaged in venture capital investment. It is managed by its general partner, Nanjing Horizon Haisong Enterprise Management Consulting Co., Ltd. (南京地平綫海松企業管理諮詢有限公司), which is owned as to 51% by Haisong Leading (Beijing) Private Equity Fund Management Co., Ltd. (海松領航（北京）私募基金管理有限公司), which is owned as to 60% by Lin Yan (林燕). The two largest limited partners of Nanjing Chuangyi are Nanjing Horizon Haisong Venture Capital Partnership (Limited Partnership) (南京地平綫海松創業投資合夥企業（有限合夥）) (a limited partnership is ultimately controlled by Lin Yan (林燕)) and Nanjing Industry Development Fund Co., Ltd. (南京市產業發展基金有限公司) (a company is ultimately controlled by Nanjing Municipal People's Government State-owned Assets Supervision and Administration Commission (南京市人民政府國有資產監督管理委員會)), subscribing 50% and 34% of its partnership interest, respectively. None of the other limited partners of Nanjing Chuangyi subscribes 30% or more of its partnership interest.

Brizan Ventures

Brizan Ventures VII LP is an equity investment fund in a form of a limited partnership established under the laws of the Cayman Islands on October 16, 2025. It is managed by its general partner, Brizan Ventures GP VII Limited, which is ultimately controlled by Prof. Ko Ping Keung (高秉強) and Kwong U Hoi Andrew (鄺宇開). The largest limited partner of Brizan Ventures VII LP is

Lamtrust Limited, holding approximately 58.82% of the partnership interest therein, which is ultimately controlled by Lam, Ko Yin Colin. None of the other limited partners of Brizan Ventures VII LP holds 30% or more of its partnership interest.

InnoVen Capital

Innoven (Shanghai) Equity Investment Partnership Enterprise (Limited Partnership) (毅峰(上海)股權投資合夥企業(有限合夥)) ("**Innoven**") is an equity investment fund in a form of limited partnership established under the laws of the PRC on November 10, 2021, mainly engaged in capital investment and investment consulting services. The general partner of Innoven is Shanghai Innoven Private Equity Fund Management Co., Ltd. (上海毅峰私募基金管理有限公司), holding approximately 0.1% of the partnership interest therein, which is ultimately controlled by InnoVen Capital Pte. Ltd. ("**InnoVen Capital**"). Established in 2015, InnoVen Capital is one of Asia's leading venture debt investment platforms, and a joint venture between Seviora Holdings Pte. Ltd. (a company wholly owned by Temasek Holdings Pte. Ltd.) and United Overseas Bank Limited (a company listed on the Singapore Exchange (stock code: U11) which has a diverse shareholder base). InnoVen Capital has a Pan-Asian presence with independently managed funds across China, Southeast Asia, and India. InnoVen Capital provides debt capital solutions to high-growth, venture-backed technology companies, and supports talented founders as they go after large addressable market opportunities. The limited partner of Innoven is Innoven China USD Fund I LP, which holds 99.9% of the partnership interest and is ultimately controlled by InnoVen Capital.

To the best knowledge and information of the Company, all the Pre-**[REDACTED]** Investors and their respective ultimate beneficial owners are Independent Third Parties.

COMPLIANCE WITH THE GUIDE

On the basis that (i) the considerations for the Pre-**[REDACTED]** Investments have been irrevocably settled no less than 120 clear days before the **[REDACTED]**; and (ii) the special rights granted to the Pre-**[REDACTED]** Investors will be suspended upon **[REDACTED]** and/or shall cease to be effective and be discontinued prior to the **[REDACTED]**, the Sole Sponsor confirms that the Pre-**[REDACTED]** Investments are in compliance with Chapter 4.2 of the Guide.

COMPLIANCE WITH PRC LAWS AND REGULATIONS

Our PRC Legal Adviser confirmed that the Group has obtained and completed all material regulatory approvals, filings and registrations in relation to the equity transfers, conversion into joint stock limited company and the capital increases as described in this section.

LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the **[REDACTED]**, all existing Shareholders (including our Pre-**[REDACTED]** Investors) are prohibited from disposing of any of the Shares held by them.

Each of Mr. Zhang, Worang Zhonghe, Worang Zhongchuang, Guyuan Investment, Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3 and Juwuxian shall be subject to disposal restrictions pursuant to Rules 10.07 and 18C.13 of the Listing Rules.

The following Shares will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules at the time of the **[REDACTED]**:

Name	Capacity	Aggregate number of Shares held immediately following the completion of the [REDACTED] (1)	Aggregate ownership percentage of shareholding in the total [REDACTED] share capital of our Company following the completion of the [REDACTED] (1)	Lock-up period
Key persons and their close associates				
Worang Zhonghe(2)	Mr. Zhang's associate	**[REDACTED]**	**[REDACTED]**%	Commencing on the date of this document and ending on expiry of 12 months from the **[REDACTED]**
Worang Zhongchuang(3)	Mr. Zhang's associate	**[REDACTED]**	**[REDACTED]**%	
Guyuan Investment(3)	Mr. Zhang's associate	**[REDACTED]**	**[REDACTED]**%	
Pathfinder SIIs				
Shunxi Fund(4)	Pathfinder SII	**[REDACTED]**	**[REDACTED]**%	Commencing on the date of this document and ending on expiry of six months from the **[REDACTED]**
Lenovo Venture Capital(4)	Pathfinder SII	**[REDACTED]**	**[REDACTED]**%	
Greenpine Chuangzhi(4)	Pathfinder SII	**[REDACTED]**	**[REDACTED]**%	

Notes:

(1) Assuming the Share Subdivision is completed, and the **[REDACTED]** is not exercised.

(2) Dr. Yu Yanan and Mr. Zhu Zhilong are limited partners of Worang Zhonghe and shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules as key personnel.

(3) Worang Zhongchuang and Guyuan Investment were established as our employee incentive platforms, under which the eligible participants were awarded partnership interest in the employee incentive platforms. Such participants include our executive Directors, namely Mr. Zhang, Dr. Liu Xuyang and Mr. Zhang Hongbo, as well as other core R&D members of the Group, namely Dr. Huang Yongcan and Mr. Liao Xuanhong. All the above executive Directors and key personnel of our Company (including those holding interests through Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3) shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules.

(4) Please see "—Pre-**[REDACTED]** Investments—Information about our Pre-**[REDACTED]** Investors—Pathfinder SIIs" above for details of the general partners and/or ultimate beneficial owners of the Pathfinder SIIs, which will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules.

PUBLIC FLOAT

Apart from (i) **[REDACTED]** H Shares held by Worang Zhonghe, Worang Zhongchuang and Guyuan Investment and **[REDACTED]** H Shares held by Beijing State-owned Capital and Haidian State-owned Assets to be converted from the Unlisted Shares, and (ii) **[REDACTED]** H Shares **[REDACTED]** by **[REDACTED]** in the **[REDACTED]**, all the H Shares will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised) and Conversion of the Unlisted Shares into H Shares.

In light of the above, upon completion of the Share Subdivision, the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, an aggregate of **[REDACTED]** H Shares or approximately **[REDACTED]**% of the total issued share capital of our Company (assuming the **[REDACTED]** is not exercised) will be counted towards the public float upon the **[REDACTED]**. Assuming that the **[REDACTED]** is not exercised, based on the **[REDACTED]** of HK$**[REDACTED]**, **[REDACTED]**. Therefore, our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules.

FREE FLOAT

Under Rule 19A.13C(1) of the Listing Rules, the portion of the class of Shares for which **[REDACTED]** is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of **[REDACTED]**, must (i) represent at least 10% of the total number of **[REDACTED]** Shares in the class of Shares for which **[REDACTED]** is sought (excluding treasury shares), with an expected market value at the time of **[REDACTED]** of not less than HK$**[REDACTED]**; or (ii) have an expected market value at the time of **[REDACTED]** of not less than HK$**[REDACTED]**. It is expected that immediately following completion of the **[REDACTED]**, a **[REDACTED]** of at least HK$**[REDACTED]** of the H Shares **[REDACTED]** on the Stock Exchange are not subject to such disposal restrictions at the time of the **[REDACTED]** (based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, and assuming the **[REDACTED]** is not exercised). Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C(1) of the Listing Rules.

OUR CAPITALIZATION

The shareholding structure of our Company is set forth below.

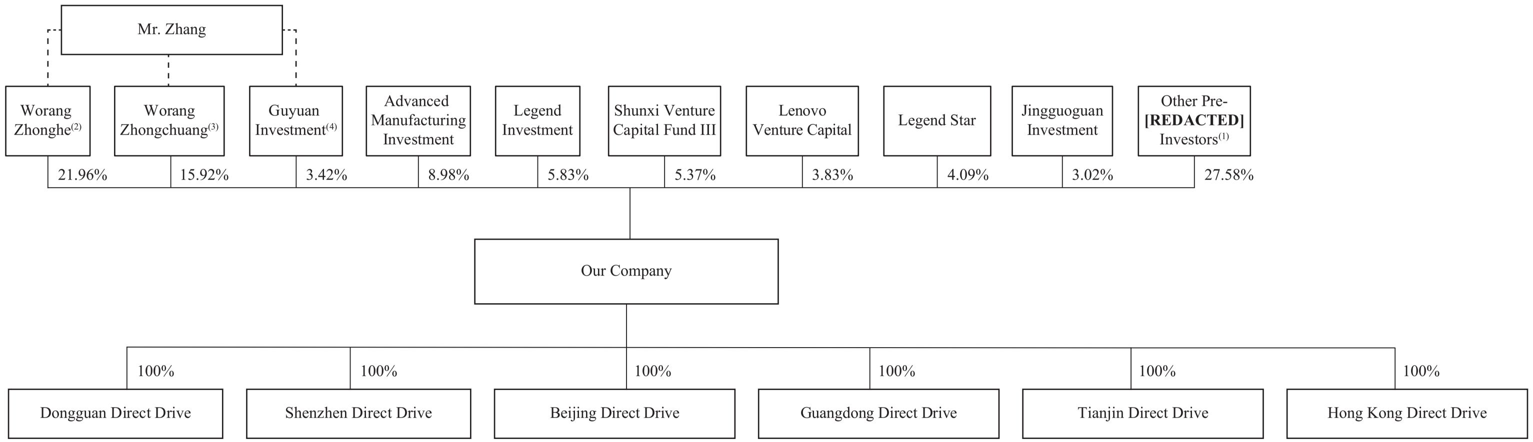
Shareholder	As of the Latest Practicable Date		Immediately upon the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares assuming the [REDACTED] is not exercised	
	Number of Shares	Shareholding percentage	Number of H Shares	Shareholding percentage
Mr. Zhang				
Worang Zhonghe	7,019,181	21.96%	**[REDACTED]**	**[REDACTED]**%
Worang Zhongchuang	5,087,657	15.92%	**[REDACTED]**	**[REDACTED]**%
Guyuan Investment	1,092,346	3.42%	**[REDACTED]**	**[REDACTED]**%
Sub-total	13,199,184	41.30%	**[REDACTED]**	**[REDACTED]**%
Beijing State-owned Capital and Haidian State-owned Assets				
Jingguorui Management Company				
Advanced Manufacturing Investment	2,871,030	8.98%	**[REDACTED]**	**[REDACTED]**%
Jingguoguan Investment	965,731	3.02%	**[REDACTED]**	**[REDACTED]**%
Shunxi Fund				
Shunxi Venture Capital Fund III	1,715,067	5.37%	**[REDACTED]**	**[REDACTED]**%
New Material Investment	861,305	2.70%	**[REDACTED]**	**[REDACTED]**%
Haiguo New Kinetic Energy Investment	317,329	0.99%	**[REDACTED]**	**[REDACTED]**%
Sub-total	6,730,462	21.06%	**[REDACTED]**	**[REDACTED]**%
Legend Star and Lenovo Venture Capital				
Legend Star	1,306,008	4.09%	**[REDACTED]**	**[REDACTED]**%
Lenovo Venture Capital	1,223,466	3.83%	**[REDACTED]**	**[REDACTED]**%
Sub-total	2,529,474	7.91%	**[REDACTED]**	**[REDACTED]**%
Legend Investment	1,861,948	5.83%	**[REDACTED]**	**[REDACTED]**%
Songshan Lake Robot Institute and Yunhe Investment				
Songshan Lake Robot Institute	562,604	1.76%	**[REDACTED]**	**[REDACTED]**%
Yunhe Investment	520,930	1.63%	**[REDACTED]**	**[REDACTED]**%
Sub-total	1,083,534	3.39%	**[REDACTED]**	**[REDACTED]**%
Mr. Ai Min				
Dongguan Dami	246,671	0.77%	**[REDACTED]**	**[REDACTED]**%
Guangzhou Dami	246,671	0.77%	**[REDACTED]**	**[REDACTED]**%
Shenzhen Dami	186,868	0.58%	**[REDACTED]**	**[REDACTED]**%
Mr. Ai Min	123,335	0.39%	**[REDACTED]**	**[REDACTED]**%
Sub-total	803,545	2.51%	**[REDACTED]**	**[REDACTED]**%
Excelsior Investments and Runyuan Investment				
Excelsior Investments	531,557	1.66%	**[REDACTED]**	**[REDACTED]**%
Runyuan Investment	261,963	0.82%	**[REDACTED]**	**[REDACTED]**%

Shareholder	As of the Latest Practicable Date		Immediately upon the completion of the Share Subdivision, the [REDACTED] and the Conversion of Unlisted Shares into H Shares assuming the [REDACTED] is not exercised	
	Number of Shares	Shareholding percentage	Number of H Shares	Shareholding percentage
Sub-total	793,520	2.48%	**[REDACTED]**	**[REDACTED]**%
Greenpine Chuangzhi	746,815	2.34%	**[REDACTED]**	**[REDACTED]**%
Qiji Chuangtan	731,041	2.29%	**[REDACTED]**	**[REDACTED]**%
5Y Qixing	716,789	2.24%	**[REDACTED]**	**[REDACTED]**%
Beijing Chengkun	702,304	2.20%	**[REDACTED]**	**[REDACTED]**%
Huatai Digital Intelligence	501,646	1.57%	**[REDACTED]**	**[REDACTED]**%
Mr. Zhao Jianguang				
Mr. Zhao Jianguang	192,078	0.60%	**[REDACTED]**	**[REDACTED]**%
Gongqingcheng Investment	161,384	0.50%	**[REDACTED]**	**[REDACTED]**%
Jianyuan Honggeng	30,965	0.10%	**[REDACTED]**	**[REDACTED]**%
Jianyuan Xinbo	30,965	0.10%	**[REDACTED]**	**[REDACTED]**%
Jianyuan Chaohong	30,965	0.10%	**[REDACTED]**	**[REDACTED]**%
Sub-total	446,357	1.40%	**[REDACTED]**	**[REDACTED]**%
Liwan Investment	371,121	1.16%	**[REDACTED]**	**[REDACTED]**%
Rockets Capital	355,135	1.11%	**[REDACTED]**	**[REDACTED]**%
Nanjing Chuangyi	186,868	0.58%	**[REDACTED]**	**[REDACTED]**%
Brizan Ventures VII LP	100,329	0.31%	**[REDACTED]**	**[REDACTED]**%
Innoven	98,736	0.31%	**[REDACTED]**	**[REDACTED]**%
[REDACTED] taking part in the **[REDACTED]**	–	–	**[REDACTED]**	**[REDACTED]**%
Total	**31,958,808**	**100%**	**[REDACTED]**	**100%**

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the [REDACTED] and as of the Latest Practicable Date

The following chart illustrates the simplified shareholding structure of our Group immediately before the completion of the **[REDACTED]** and as of the Latest Practicable Date:



Notes:

(1) For details of the shareholding of the other Pre-**[REDACTED]** Investors, see "—Our Capitalization" in this section.

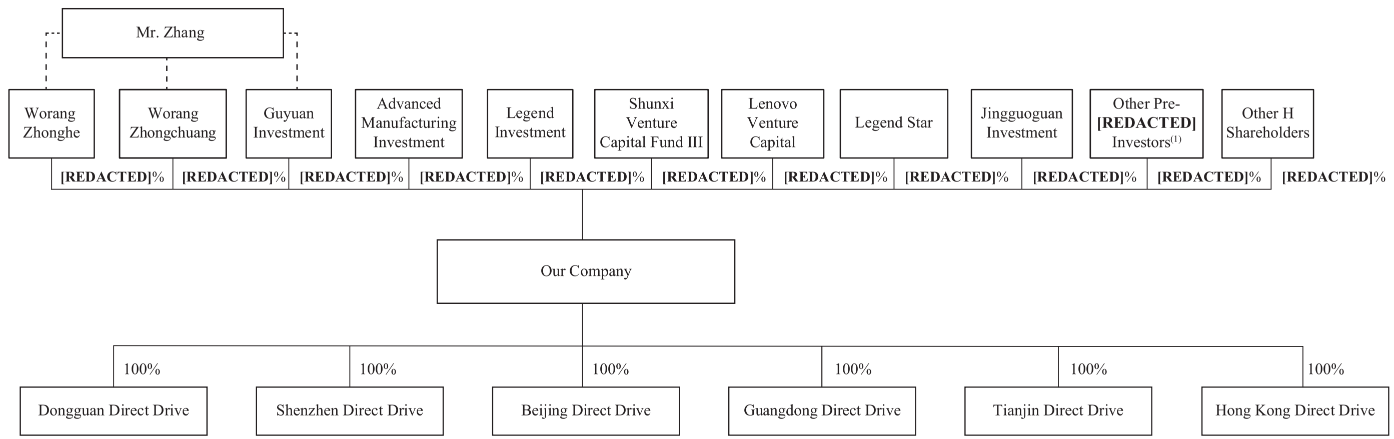
(2) The general partner of Worang Zhonghe is Mr. Zhang, holding 60% partnership interest. It has two limited partners, namely (i) Dr. Yu Yanan, our director of motor technology, holding 25% partnership interest and (ii) Mr. Zhu Zhilong, our vice president, holding 15% partnership interest. The voting rights attaching to the Shares held by Worang Zhonghe are exercisable by Mr. Zhang.

(3) The general partner of Worang Zhongchuang is Juwuxian, holding 0.10% partnership interest. Worang Zhongchuang has five limited partners, namely (i) Zhongchuang No.1, holding 26.07% partnership interest, (ii) Zhongchuang No.2, holding 7.42% partnership interest, (iii) Zhongchuang No.3, holding 46.31% partnership interest, (iv) Mr. Zhang, holding 20% partnership interest, and (v) Mr. Zhong Zhiming (鍾志鳴), an employee of the Company, holding 0.10% partnership interest. Juwuxian is wholly owned by Mr. Zhang.

(4) The general partner of Guyuan Investment is Juwuxian, holding approximately 95.0% partnership interest. The limited partners of Guyuan Investment are the participants of the Employee Stock Ownership Scheme, including Zhang Yitong, a former employee of the Company, holding approximately 2.3% partnership interest, Mr. Zhang holding 1% partnership interest and four other employees holding no more than 1% partnership interest.

Immediately Following the [REDACTED]

The following chart illustrates the simplified shareholding structure of our Group immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):



Note:

See the notes in "— Immediately Prior to the **[REDACTED]** and as of the Latest Practicable Date" above.

OVERVIEW

Who We Are

We are a robotics technology company with direct drive technology as our core capability. We primarily engage in the sales of robotic actuator modules, and to a lesser extent, robots, in China. We operate in (i) PRC consumer robotic actuator module industry, sub-segment representing 26.3% of PRC robotic actuator module industry and (ii) PRC wheel-legged and PRC dual-wheel-legged robot industry in China, sub-segments representing less than 1.0% of the PRC robot industry. The following sets forth our business highlights:

- ***Robotic actuator module.*** By revenue in 2025, we ranked (i) eighth with a market share of 2.4% in the PRC consumer robotic actuator module industry, and (ii) first with a market share of 61.1% in PRC consumer robotic direct drive actuator module industry, a sub-segment representing 3.9% of the PRC consumer robotic actuator module industry, according to Frost & Sullivan.
- ***Robot.*** By revenue in 2025, we ranked (i) fourth in the PRC wheel-legged robot industry with a market share of 4.7%, and (ii) second in the PRC dual-wheel-legged robot industry with a market share of 18.6%. Launched in October 2025, D1 robot is the first fully modular dual-wheel-legged robot commercially introduced in the world. We are also among a limited number of companies in the global robot industry to achieve coordinated control in our wheel-legged robots, which refers to the capability of robots to function as a unified entity.

Our Products

Robotic actuator modules

Robotic direct drive actuator modules. Direct drive actuator modules provide high-precision torque output and real-time motion control for robotic systems utilizing our direct drive technology. Direct drive actuator modules have two distinct features: (i) the elimination of mechanical transmission components, and (ii) the redesign and optimization of direct drive motors, direct drive system and controlling components to support direct drive operation.

Embodied joint modules. Embodied joint modules are actuators designed to meet embodied intelligence robot requirements through multiple actuation technology pathways. Embodied joint modules support joints of embodied intelligence robots, including fingers, wrists, elbows and knees, primarily through integrated actuation and control.

Robots, including:

Diablo Robot. Launched in 2021, Diablo robot is the first direct drive dual-wheel-legged robot commercially introduced in the world, according to Frost & Sullivan.

TITA and TITATIT Robots. Launched in 2023, TITA robot is the first dual-wheel-legged robot with eight degrees of freedom commercially introduced in the world and the first wheel-legged robot commercially introduced in the world to support dual hot-swappable batteries, according to Frost & Sullivan. Launched in 2024, formed by assembling two TITA units, our TITATIT robot is the first reconfigurable wheel-legged robot commercially introduced in the world, according to Frost & Sullivan.

D1 Robot. Launched in October 2025, D1 robot is the first fully modular dual-wheel-legged robot commercially introduced in the world, according to Frost & Sullivan.

Our Robotic Technology

Our products are developed on and supported by our robotic technologies:

Robotic actuator module technology. Our robotic actuator module technology centers on direct drive actuator technology and underpins the design and performance of our robotic direct drive actuator modules.

Wheel-legged robot technology. Our wheel-legged robot technology enables robotic systems to adapt to frequent transitions between indoor and outdoor environments and provides the technical foundation for our robots.

Modular reconfiguration technology. Our modular reconfiguration technology supports (i) dynamic reconfiguration by physically connecting two or more robotic units and (ii) coordinated operation and task allocation across multiple connected robotic units. Through unified modular hardware structure and general-purpose cerebellum technology, this technology extends the mobility and manipulation boundaries of each robotic unit.

The following chart sets forth how our robotic technologies empowered our products:

Our Robotic Technology	Our Product Lines
Robotic actuator module technology	**Robotic actuator modules**
	Robotic direct drive actuator modules
	Embodied joint modules
Wheel-legged robot technology	**Robots**
	Diablo, TITA, TITATIT, D1
Modular reconfiguration technology	**Robots**
	D1

Where We Serve

From our inception to June 30, 2026, our robotics technology has empowered over 7.5 million robots, covering consumer, industrial and commercial application scenarios, as well as embodied intelligence robots.

Consumer application scenarios. According to Frost & Sullivan, as of June 30, 2026, we are the first and only company globally with shipment volume of robotic direct drive actuator modules for consumer robots exceeding 5.0 million units. We have achieved a market share of 61.1% in the PRC consumer robotic direct drive actuator module industry by revenue in 2025, according to Frost & Sullivan. This demonstrates both the technical feasibility and commercial viability of direct drive technology in empowering robots.

Industrial and commercial application scenarios. We have extended the application of our direct drive technology to industrial and commercial scenarios such as autonomous mobile robots ("**AMRs**") and collaborative robots.

Embodied intelligence robots. We provide embodied joint module products to a number of leading embodied intelligence robot providers and continue to advance the development of global robot industry. We also provide wheel-legged robots enabling frequent transitions between indoor and outdoor environments and navigating complex terrains. This form aligns with our technology objective to develop general-purpose robots, since we consider wheel-legged form to be an essential lower-limb configuration for embodied intelligence robots.

Our Market Opportunities

We operate in subsegments of the global robotic actuator module industry and global robot industry, specifically (i) global consumer robotic actuator module industry and (ii) global wheel-legged robot industry.

Accelerating Penetration of Direct Drive Technology

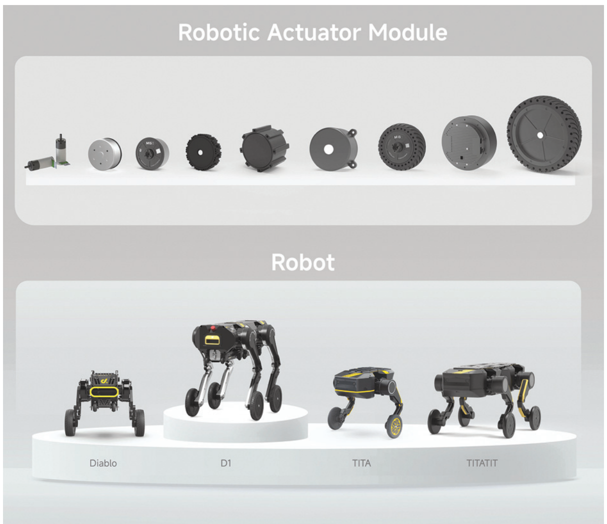
The consumer robotic actuator module industry represents the fastest-growing segment in the global robotic actuator module industry and has maintained rapid growth. Robotic direct drive actuator modules, by eliminating traditional reducers, provide compact, low-noise and low-maintenance products that are well suited to the miniaturization and human-proximate operation requirements of consumer robots. As a result, consumer robots have become key downstream applications driving the large-scale penetration of robotic direct drive actuator modules. According to Frost & Sullivan, direct drive technology is rapidly penetrating the PRC consumer robotic actuator module industry, with the market size of the PRC consumer robotic direct drive actuator module market by revenue expected to reach RMB6.3 billion by 2030, representing a CAGR of 81.3% from 2026 to 2030.

Accelerating Proliferation of the Global Wheel-Legged Robot Industry

Following the validation of technology and commercial feasibility in consumer robots, the global wheel-legged robot industry is accelerating expansion as robots move into more complex outdoor environments. Traditional wheeled robots face constraints on uneven terrain, while pure legged robots lack efficiency and scalability. By integrating wheeled efficiency with legged adaptability through mode switching, wheel-legged robots enable deployment across consumer, commercial and industrial applications. The market size of the global wheel-legged robot industry is expected to reach RMB6.7 billion by 2030, with a CAGR of 106.5% from 2026 to 2030. General-purpose robots adapting to diverse environments and performing diversified tasks represent the robotic development direction. The evolution toward modular and reconfigurable architectures enables multi-scenario rather than single-purpose use cases. When combined with embodied intelligence and high-performance direct drive motion systems, such robotic platforms provide a practical and scalable pathway toward the realization of general-purpose robotic systems.

Our Product Offerings

We have developed a comprehensive product portfolio comprising (i) robotic actuator modules, including (a) direct drive actuator modules, and (b) embodied joint modules, and (ii) robots. The following picture sets forth a summary of our product offerings as of the Latest Practicable Date.



Robotic Actuator Modules

Robotic Direct Drive Actuator Modules

Our robotic direct drive actuator modules provide high-precision torque output and real-time motion control for robotic systems utilizing our direct drive technology. We removed the reducer from traditional drive architectures and simplified mechanical structure and developed the application of compact and high-efficiency direct drive technology for consumer robots. Our robotic direct drive actuator modules offer a compact form factor with approximately half the size and twice the service life of traditional reducer-based modules, operate at noise levels comparable to ambient sound, and deliver lower power consumption resulting in improved energy efficiency and endurance, according to Frost & Sullivan. Our robotic direct drive actuator modules have achieved mass production for consumer robots. In the six months ended June 30, 2026, we had delivered approximately 5.7 million units of robotic direct drive actuator modules for consumer robots and collaborated with four of the top ten consumer robot providers in the world in terms of revenue in 2025. In a broader landscape, according to Frost & Sullivan, we ranked eighth in PRC consumer robotic actuator module industry in terms of revenue in 2025, with a market share of 2.4%.

Embodied Joint Modules

Embodied joint modules support joint configurations of embodied intelligence robots, including fingers, wrists, elbows and knees, primarily through integrated actuation and control. Leveraging our technological expertise and supply chain capabilities in robotic direct drive actuator modules, we are among a limited number of companies in the industry capable of coordinating with the R&D and production cycles of embodied intelligence robot providers, enabling timely product optimization and flexible production scheduling. We adhere to an in-house R&D approach for our embodied joint modules. Our R&D capabilities currently cover motors, drive systems, reducers, and sensors to independently design, develop, and deliver fully integrated embodied joint modules. We enhance the performance of embodied joint modules across multiple dimensions throughout the full development cycle while maintaining effective cost control.

Based on technical reserves and specific requirements from embodied intelligence robot providers, we provide embodied joint modules designed to address high and low degree-of-freedom ("**DoF**") configurations for embodied intelligence robot joints. We work alongside embodied intelligence robot providers and have been included in the authorized supplier system of several leading embodied intelligence robot providers in China and have progressed through trial production, prototyping and batch testing stages. As of June 30, 2026, we provided embodied joint modules to one of China's top five embodied intelligence robot providers in terms of total value of orders on hand for 2025.

Robots

As of the Latest Practicable Date, we launched several wheel-legged robots, including (i) Diablo robot, (ii) TITA and TITATIT robots and (iii) D1 robot.

Diablo Robot. Launched in 2021, our Diablo robot is the first direct drive dual-wheel-legged robot commercially introduced in the world, according to Frost & Sullivan. Our Diablo robot is actuated by six independently controlled M1502D robotic direct drive actuator modules throughout its body, enabling near-silent movement with a service life of more than three years.

TITA and TITATIT Robots. Launched in 2023, our TITA robot is the first eight-degree-of-freedom dual-wheel-legged robot commercially introduced in the world and the first wheel-legged robot commercially introduced in the world to support dual hot-swappable batteries according to Frost & Sullivan. TITA robot enables lateral walking and demonstrates improved terrain traversal capability relative to Diablo. In 2024, we launched TITATIT robot, the first reconfigurable wheel-legged robot commercially introduced in the world formed by assembling two TITA units, according to Frost & Sullivan.

D1 Robot. Launched in October 2025, D1 robot is the first fully modular dual-wheel-legged robot commercially introduced in the world, according to Frost & Sullivan, which can automatically reconfigure into multi-wheel-legged robots in different robotic configurations. D1 exhibits improved terrain adaptability, with the dual-wheel-legged configuration suitable for complex urban terrain involving stairs and pavements and the four-wheel-legged configuration enabling rapid traversal of field environments involving more obstacles.

Our Core Technologies

We develop our core technologies around three integrated technology pillars that underpin our product architecture, including robotic actuator module, wheel-legged robot, and modular reconfiguration technologies, which together form the technological foundation for both our robotic actuator modules and robots. See "— Who We Are — Our Robotic Technology."

For robotic actuator modules, we focus on direct drive technologies supported by electromagnetic design, model-based control algorithms and thermal-management capabilities: (i) direct drive motor design: we employ an integrated design approach that achieves structural integration among the motor, encoder and drive system; through our proprietary electromagnetic design technologies, we optimize motor configurations; (ii) thermal management: we apply comprehensive thermal-design and thermal-management technologies to control motor temperature and mitigate burnout risks, while maintaining an integrated architecture; and (iii) drive-control integration: our drive-control integration technology includes proprietary encoder configurations and model-based control algorithms to compensate for non-ideal motor characteristics.

In terms of robots, we adopt a unified hardware architecture, leverage general-purpose cerebellum technology, and apply wheel-legged robot technology and modular reconfiguration architecture that enable diversified robot configurations and collaborative operation across different robot units endeavoring to develop the next-generation general-purpose robots: (i) unified modular hardware architecture: through modularization of components, accessories, payload modules, and the robot system, we have integrated multiple robot modalities, including wheel-legged, dual-wheel-legged, four-wheel-legged, dual-legged, four-legged, mixed-wheel-legged and other robotic configurations into a single hardware architecture; we will continue to expand this architecture to further reduce boundaries between different types of robots; (ii) general-purpose cerebellum technology: based on reinforcement learning and imitation learning, we adapt a single software framework for multiple robot modalities to fulfill diversified requirements across different scenarios and (iii) robot collaboration: utilizing modular reconfiguration technology, robots are able to coordinate in configurations including multiple modalities with diverse functions to address complex, hazardous, and remote tasks. We believe that robots capable of choosing their own configurations possess greater versatility than humanoid robots. By adopting an inter-robot composition and collaborative-operation approach, we advance robot versatility through a modular system architecture.

Our Operating and Financial Performance

We have delivered steady operating progress during the Track Record Period, reflecting our continued investment in core technologies and our growing commercialization capability. Our revenue recorded sustained growth and our gross profit improved. In parallel, we enhanced operational efficiency through disciplined cost management and scale benefits, which contributed to a narrowing trend of our net loss and net loss margin during the Track Record Period. The shipment volumes of our robotic actuator modules increased from approximately 0.2 million units in 2023 to approximately 2.2 million units in 2024, and further to approximately 8.6 million units in 2025. The shipment volumes of our robotic actuator modules increased from 4.5 million in the six months ended June 30, 2025 to 5.8 million in the six months ended June 30, 2026. The shipment volumes of our robots amounted to 257, 125, 240, 192 and 230 units in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, with the respective average selling prices amounting to RMB12,922, RMB37,120, RMB30,446, RMB13,609 and RMB48,117 in the same periods, respectively. Our revenue amounted to RMB17.5 million, RMB79.8 million, RMB281.7 million, RMB143.3 million and RMB200.3 million, respectively. Our gross profit margin was 13.5%, 19.3%, 21.5%, 18.5% and 20.7%, respectively. Our adjusted net loss (non-IFRS measure) amounted to RMB61.2 million in 2023 and RMB61.6 million in 2024, and decreased to RMB43.2 million in 2025. Our adjusted net loss (non-IFRS measure) increased from RMB19.6 million in the six months ended June 30, 2025 to RMB27.5 million in the six months ended June 30, 2026. Our adjusted net loss margin (non-IFRS measure) was 349.1%, 77.2%, 15.4%, 13.7% and 13.7% in the same periods.

OUR STRENGTHS

A Robotics Technology Company with Direct Drive Technology as Core Capability

We have developed differentiated robotics technology anchored in direct drive technology and in-house R&D across both robotic actuator modules and robots.

Robotic Direct Drive Actuator Module Platform Supported by Scalable Delivery

According to Frost & Sullivan, as of June 30, 2026, we are the first and only Company globally with shipment volume of robotic direct drive actuator modules for consumer robots exceeding 5.0 million units. In the six months ended June 30, 2026, the shipment volume of our robotic direct drive actuator modules amounted to approximately 5.8 million, which empowered more than 2.8 million robots across a broad range of application scenarios. In 2025, we ranked first in PRC consumer robotic direct drive actuator module industry in terms of revenue, according to Frost & Sullivan. By replacing traditional reducer-based drive architectures with a direct drive approach, we address the limitations of conventional reducer-based motor systems. We adopt a high-torque-density technology pathway while maintaining a comparable cost structure. Our robotic direct drive actuator modules have been primarily adopted across mid to high-end product lines of consumer robot providers.

Advanced Robot Platform Supported by Modular Reconfiguration

We adhere to in-house R&D for the development of our robots. As of the Latest Practicable Date, we had launched several wheel-legged robots, including (i) the world's first commercially introduced direct drive dual-wheel-legged robot Diablo, (ii) our dual-wheel-legged robot TITA, and our first commercially introduced reconfigurable wheel-legged robot TITATIT, and (iii) D1 robot, the world's first commercially introduced fully modular dual-wheel-legged robot. Our modular reconfiguration technology enhances robot mobility, manipulation, and robot reusability and reduces robot manufacturing costs through modularization.

Robotics Technology R&D Capabilities

Our core technological competitiveness in robotics is underpinned in our in-house R&D capabilities. Our R&D strategy focuses on anticipating the evolving requirements of embodied intelligence robots. As of the Latest Practicable Date, we had 352 patents, including 46 invention patents and 234 utility model patents, and 148 pending patent applications.

Direct Drive R&D

We removed the reducer from motor in robotic drive system to reduce energy loss and adopted a direct drive architecture that enhances motion control. We have developed a suite of direct drive technologies that support motor miniaturization, higher torque density and high-precision control within integrated architecture combining the direct drive motor, direct drive system and controlling components.

Specialized motor architecture. We adopt a pole-slot matching configuration and concentrated winding to achieve compact motor size and improved performance. Thermal design and management technologies enable effective temperature control and mitigate the risk of overheating while maintaining a highly integrated structure.

Multiple-in-one sensing and high-precision control. We fuse data from built-in sensors for current, position, speed and temperature to implement a three-in-one sensing design. This approach enables high-precision sensing while maintaining response sensitivity. We also optimize model-based control algorithms, which mitigates the impact of cogging torque inherent in permanent magnet and supports stable control performance.

Robot R&D

Building upon our direct drive foundation, we have established robust capabilities in the research, design and mass production of robots. We adopt a technical pathway combining unified modular hardware architecture and general-purpose cerebellum technology. We have implemented modular robot components at an early stage of industry adoption. Our innovations include hot-swappable battery structures, standard mechatronic interfaces and standardized upper mounting rails and support of multiple leg variants. In addition, we were among the earliest in the global robot industry to propose and implement a fully modular robot architecture in wheel-legged form, according to Frost & Sullivan.

Synergy between Robotic Actuator Modules and Robots Product Lines

Internal synergies arising from shared technological and manufacturing capabilities. Our robotic actuator module and robot complement each other within our internal technology and manufacturing system. Our self-developed robotic actuator modules are integrated into our robots and provide the core driving capability for our wheel-legged robots. Our technology reserve and manufacturing experience in robots further enhances our capability to design and produce both actuator modules and complete robotic systems. This strengthens our ability to fulfill customers' specific demands and technical requirements and ensures that our actuator modules can be incorporated efficiently into the robotic architectures of our customers, thereby improving overall robotic mobility and manipulation performance.

External synergies enhancing customer value and commercial scalability. The combined technological and system-level capabilities of our robotic actuator module and robot businesses also strengthen our position within the broader commercial ecosystem. Our expertise in robotic direct drive actuator modules allows us to enhance collaboration with upstream component suppliers and downstream robot providers. In parallel, our experience in robot development provides systematic insight into performance requirements across varied robotic application scenarios. Together, these complementary strengths enable us to support customers with scalable product matrix and contribute to improved adaptability and performance across their robotic product portfolios.

Promising Commercialization Prospects

Our robotic actuator module and robotic businesses are well-positioned for further growth, driven by the strong demonstration effect created by our benchmark customers. According to Frost & Sullivan, as of June 30, 2026, we are the first and only company globally with shipment volume of robotic direct drive actuator modules for consumer robots exceeding 5.0 million units.

Extending Commercial Reach through a Scalable Product Matrix

As of the Latest Practicable Date, we had established strong partnerships with four of the top ten consumer robot providers in the world. The recognition of our product quality and delivery capabilities by leading industry players in the global robot industry has enhanced our brand reputation and demonstrated the technological capability and commercial viability of our direct drive product offerings. This has enabled us to further open up opportunities in the global consumer robotic actuator module market and paved the way for our continued expansion and penetration into other application scenarios. For application scenarios that share similar technological foundations with household cleaning robots, we can leverage our mature product matrix and extensive mass production experience. This enables us to provide direct drive product offerings efficiently to customers in related industries and extend our coverage to a wider range of end-use scenarios.

Sustaining Long-Term Growth through Industry Position and Technological Leadership

Our position within the industry chain enables us to capture opportunities arising from both the increasing penetration of direct drive technology in the global robotic actuator module market and the continued development of robots. Actuator modules are central to robot performance, and the inherent advantages of direct drive technology in energy efficiency and service life are expected to support expanding business opportunities in line with the proliferation of robots.

Our direct drive technology has built a strong competitive foundation in product performance, system tuning and mass production experience, allowing us to establish a competitive position in the market. As a robotics technology company with direct drive as core capability, we strengthen the power systems of robots through our robotic actuator modules and, through our robots, capture the rising growth potential of the global robot industry. Our accumulated experience in modular reconfiguration technology supports continuous enhancement of robotic mobility and manipulation, contributing to broader improvements in efficiency and flexibility across daily life.

Extensive Production Experience and Agile Supply Chain Supporting Delivery Efficiency

We possess significant advantages in ensuring consistency and reliability in mass production. As the first and only company globally with shipment volume of robotic direct drive actuator modules for consumer robots exceeding 5.0 million units, we are able to support stable large-batch delivery and precise control of manufacturing processes, enabling consistency and reliability as production scales from lower to higher volumes.

Robust production capabilities ensuring high-volume consistency. Our advanced process management systems and accumulated manufacturing expertise form the basis of our ability to deliver consistent quality at scale. The experience gained from mass production allows us to implement stringent process controls, maintain product homogeneity across large batches and sustain stable manufacturing performance as output scales upward. This foundation is critical to supporting the growing adoption of robotic actuator modules across diverse application scenarios.

Agile and flexible supply chain aligned with embodied intelligence customer requirements. Our supply chain enables efficient delivery cycles that align with the development of embodied intelligence robot customers. This system supports the fulfillment of small-batch sample orders with delivery times as short as 30 days, shorter than industry averages. Our supply chain flexibility supports their requirements for rapid and fragmented orders and matches customers' development and production cycles.

Management Team with Innovation, Pragmatic Attitude and Extensive Industry Experience

Our management team embodies a combination of technical expertise, engineering experience and commitment to the development of robotics. The team brings together leaders with backgrounds in renowned academic institutions, capabilities in hard-technology commercialization and experience across motor design, control algorithms, robotic systems engineering and organizational management. This foundation supports our ability to advance technologies, execute industrialization and pursue growth. Our CEO, Mr. Zhang, studied under Professor Li Zexiang and has strong expertise in the commercialization of technology products. He has led our Company's transformation from laboratory R&D to mass production and has accumulated more than ten years of experience in motor design and control algorithms. Our president, Dr Liu Xuyang, received his doctorate in electrical and electronic engineering from the University of Hong Kong. He is recognized as a Shenzhen High-Level Overseas Talent and has led projects under the HKU ITF Fund and the Shenzhen-Hong Kong Innovation program.

We have also established a management team that combines motivation and commercialization experience. Core members possess professional expertise and industry experience across technology, product development, market expansion, finance and operations management. Besides our management team, we have also appointed Professor Li Zexiang as our advisor. Professor Li Zexiang is an influential figure in the field of robotics investment. He has global academic resources and experience in advancing the robotics technology industrialization. His work has contributed to the incubation of several leading companies in the PRC robot industry.

OUR STRATEGIES

We pursue four strategic priorities to achieve net profit and net operating cash inflows: (i) advancing core technologies through focused R&D, (ii) expanding our product portfolio to diversify revenue, (iii) enhancing customer collaboration and broadening our customer base, and (iv) improving operating efficiency. For further details, see "— Business Sustainability and Path to Profitability" and "Future Plans and Use of **[REDACTED]**."

Further Strengthening R&D Capabilities

We plan to increase investment in key robotics technologies to reinforce technology and commercialization capabilities.

Advancing robotic actuator module technology. We will (i) address technological bottlenecks in high power density and high-efficiency direct drive motors, and (ii) strengthen the efficiency and capability of our model-based control algorithms to enhance torque output density, response speed and energy conversion efficiency, thereby providing robots with power sources that support higher agility, strength and efficiency. We also plan to enhance the integration of sensor feedback and reinforce research in areas such as complex path planning and adaptive control based on model prediction, supporting more precise and responsive robotic motion.

Reinforcing wheel-legged robot technology and modular reconfiguration technology. We will (i) establish a high quality Real2Sim and Sim2Real platform to shorten development cycles, (ii) optimize overall dynamic response and power matching, and (iii) improve the speed and consistency of mass manufacturing. We will explore application scenarios for our modular reconfiguration technology, with a focus on strengthening automatic reconfiguration and coordinated control capabilities.

Deepening AI integration for broader application capabilities. We plan to develop and train robotic control algorithms to enhance the generalization capability and support the expansion of robotic applications into additional scenarios, thereby contributing to the broader robot deployment.

Continuously Strengthening Production Capabilities

We will expand our production capacity and upgrade manufacturing processes to fulfill rising demand from downstream application scenarios.

Expanding production capacity for enhanced scale and operational efficiency. We continue to invest in automated production lines to enhance the order fulfillment capabilities. Our plans include implementing unified production lines for multiple product series, enabling product series switching. This enables us to respond to customer needs, while maintaining delivery efficiency and realizing economies of scale.

Optimizing production processes for increased consistency and reliability. We plan to integrate Industrial Internet of Things ("**IIoT**") and data intelligence technologies to build digitalized production facilities to improve product consistency and reliability. We also plan to promote modular design and standardized interfaces to reduce assembly complexity, enhance manufacturing efficiency, and strengthen quality control.

Building a Collaborative and Prosperous Industry Ecosystem

We aim to strengthen collaboration across the robotics value chain with customers and establish cooperation mechanisms with suppliers. Through early engagement in customer requirements, coordinated development and joint problem-solving, we promote a competitive ecosystem that supports our growth. On the customer side, we plan to partner with leading customers across application scenarios. By participating in customers' new product development, we integrate our direct drive technologies and the robot design concepts into their product development, to align our products with application requirements, improving development efficiency and facilitating successful commercial deployment. On the supply side, we plan to establish strategic procurement and R&D mechanisms with key raw material suppliers. We will guide suppliers in customized development, address challenges in critical materials and production processes, enhance supply chain efficiency, and strengthen the resilience of the industry chain.

Global Expansion and Expansion of Our Customer Base

We plan to deepen market penetration and accelerate expansion through localized operations, market development and strengthened collaboration with international partners. In terms of localized operation and market development, we plan to broaden sales network, implement localized strategy and provide sales services to offer products that comply with regional standards, improve service responsiveness, strengthen customer engagement and advance commercialization in overseas markets. In terms of collaboration with customers and institutions, we plan to expand engagement with customers in the global robot industry and research institutions to enhance international brand visibility, broaden customer base and reinforce market position.

OUR PRODUCTS

Our Product Portfolio

The following table sets forth a summary of our products as of the Latest Practicable Date:

Product Categories		Major Application Scenarios/End-products
Robotic actuator modules	Robotic direct drive actuator modules	Consumer application scenarios: • Household cleaning robot • Robotic lawn mower • AI companion robot • Air purifier robot Industrial application scenarios: • Collaborative robot • AMR Commercial application scenarios: • Servicing robot • Commercial cleaning robot • Portable laundry robot
	Embodied joint modules	• Wheel-legged robot • Humanoid robot • Robotic dog
Robots[(1)]	Diablo Robot TITA Robot TITATIT Robot D1 Robot	• Inspection • Delivery • Research

Note:

(1) Our robots integrate our self-developed direct drive actuator modules and embodied joint modules based on different configurations as requested by our customers.

Our Product Categories

The table below sets out a breakdown of revenue by product categories for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Robotic direct drive actuator modules										
Consumer applications	3,206	18.3	63,985	80.2	247,756	88.0	131,166	91.5	164,926	82.3
Industrial and commercial applications	10,996	62.7	8,496	10.6	19,854	7.0	6,577	4.6	20,997	10.5
Industrial applications	992	5.7	2,313	2.9	2,856	1.0	1,004	0.7	6,865	3.4
Commercial applications	10,004	57.0	6,183	7.7	16,998	6.0	5,573	3.9	14,132	7.1
Subtotal	14,202	81.0	72,481	90.8	267,610	95.0	137,743	96.1	185,923	92.8
Embodied joint modules										
Commercial applications	15	0.1	2,641	3.3	6,679	2.4	2,913	2.0	3,261	1.6
Research applications	—	—	40	0.1	119	0.0	63	0.1	44	0.1
Subtotal	15	0.1	2,681	3.4	6,798	2.4	2,976	2.1	3,305	1.7
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Commercial applications	3,035	17.3	4,044	5.1	6,890	2.5	2,425	1.7	10,997	5.5
Research applications	286	1.6	596	0.7	417	0.1	188	0.1	70	0.0
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our revenue by type of customers for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robot providers	17,149	97.8	78,577	98.5	281,306	99.8	143,030	99.8	200,167	99.9
Research institutions	389	2.2	1,225	1.5	409	0.2	302	0.2	128	0.1
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our shipment volume and average selling price by product categories for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
Robotic direct drive actuator modules	185,591	77	2,143,030	34	8,497,883	31	4,496,617	31	5,758,040	32
Consumer applications	115,237	28	2,104,298	30	8,424,819	29	4,470,721	29	5,660,254	29
Industrial applications	15,248	65	9,833	235	19,596	146	6,108	164	70,584	97
Commercial applications	55,106	182	28,899	214	53,468	318	19,788	282	27,202	520
Embodied joint modules	58	259	10,278	261	12,276	554	3,898	763	12,878	257
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

The table below sets out a breakdown of our shipment volume and average selling price by product category and by type of customers for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
- Robot providers	185,603	76	2,150,853	35	8,510,106	32	4,500,501	31	5,770,835	33
- Research institutions	46	2,244	2,455	256	53	2,052	14	8,143	83	699
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots										
- Robot providers	231	13,137	97	41,691	234	29,444	186	13,038	220	49,986
- Research institutions	26	10,999	28	21,270	6	50,059	6	31,333	10	7,000
Subtotal	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

Robotic Actuator Modules

Robotic actuator modules are integrated functional units used in robots that comprise motors, drive systems, and controlling components. The following table sets forth some details of the major components of robotic actuator modules:

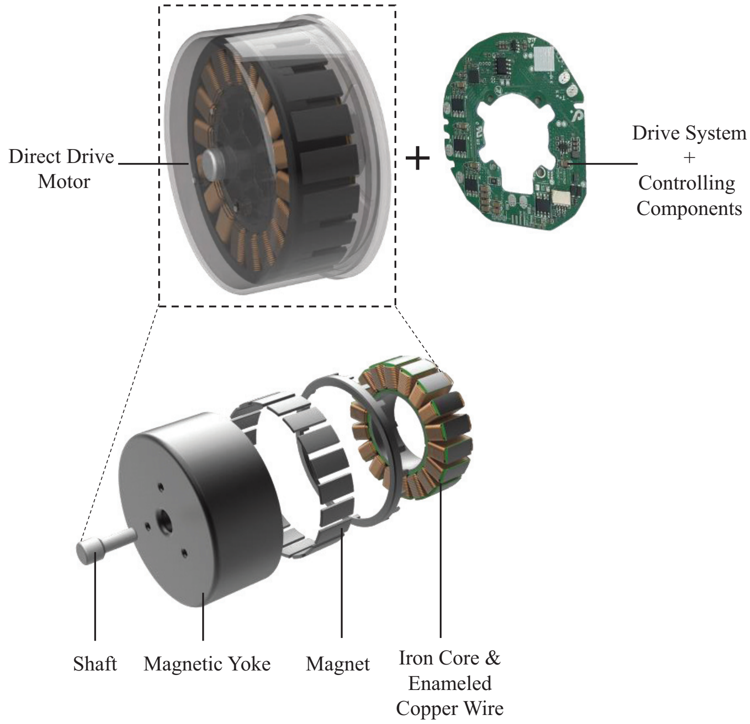
No.	Component	Function
1	Controlling components	Collect and process operational data, and generate control signals to the drive system, typically comprising (i) sensors, such as encoders and torque sensors, which measure position, speed and force output, and (ii) controllers, including processing units, which translate sensor data into control signals
2	Drive system	Receive control signals from the controlling components and convert them into electrical current supplied to the motor
3	Motor	Convert electrical current into mechanical energy and physical movement
4	Mechanical transmission components	Transmit torque and motion from the motor to the robot's output joint or limb, at the cost of some energy loss, typically comprising reducers, gears, shafts, couplings, chains, or belts

During the Track Record Period, our robotic actuator modules include (i) robotic direct drive actuator modules, which eliminate mechanical transmission components through the application of our direct drive technology, and (ii) embodied joint modules, which we develop using multiple drive technology pathways in response to specific requirements from embodied intelligence robot customers. Different series of our robotic actuator modules differ primarily in motor specifications, thermal and noise performance levels, physical dimensions and communication interface configurations to address distinct application requirements.

Robotic direct drive actuator modules

Our robotic direct drive actuator modules are integrated motion units that combine direct drive motor, direct drive systems and controlling components into a compact, high-reliability system. Designed under a unified architecture, these modules deliver direct drive torque output without mechanical transmission components, replacing traditional reducer-based drive architectures, supporting operation across consumer, industrial and commercial application scenarios.

Our robotic direct drive actuator modules adopt a magnetic design optimized through pole-slot configuration, air gap adjustment, and rare-earth magnetic material selection to reduce torque ripple and improve output consistency. Our robotic direct drive actuator modules incorporate model-based control algorithms and high-resolution internal sensors to support accurate motor control and lower acoustic output. The integrated driver within our robotic direct drive actuator modules includes onboard diagnostics and protection functions designed to enhance operational safety and reliability. This architecture supports compact integration, streamlined installation, and stable performance across a range of robotic applications. The following picture sets forth the major components of our typical robotic direct drive actuator modules:



The following chart sets forth some details of our typical robotic direct drive actuator modules:

No.	Key products	Illustrative picture	Key parameters	Typical application scenarios	Functions of products
1	M0603 Series		• Rated torque[1]: 0.15 Nm • Rated speed[2]: 100 rpm • Operation temperature: -10~40°C • Noise range: ≤45dB	• Household cleaning robot • AI companion robot	Used in locomotion wheel or drive wheel
2	M1502 Series		• Rated torque[1]: 9.6 Nm • Rated speed[2]: 115 rpm • Operation temperature: -20~45°C • Noise range: ≤52dB	• Robotic lawn mowers • Commercial cleaning robot	Used in drive wheel or actuator joint

Notes:

(1) The torque a motor can continuously deliver under rated voltage, current, and speed without overheating or degradation, which is used to measure the module's continuous torque capability and thermal robustness.

(2) The designated operating speed at which the motor operates under rated payload conditions, which is used to measure the module's ability to maintain consistent speed during tasks.

Key features of our robotic direct drive actuator modules include:

Integrated drive-control architecture (驅控一體). Our actuator modules integrate the motor, drive system and controlling components into a single unit, thereby reducing external wiring and standalone housings, which reduces overall module size and weight, lowers complexity and improves reliability. Compared to conventional geared or belt-driven systems, which often rely on separate design of motor, drive system and controlling components, our integrated design reduces external cables and interfaces, thereby lowering the risk of failures caused by loose wiring or poor electrical contact. The modular hardware architecture further enables faster assembly, simplifies system-level integration, and reduces the likelihood of wiring errors or installation deviations during production and maintenance.

Low-speed, high-torque output (低轉速大扭矩). Our direct drive architecture delivers stable torque performance under low rotational speeds, supporting effective propulsion in human-proximate environments. Compared to conventional geared or belt-driven systems, which typically exhibit lower torque density and greater mechanical wear, our modules reduce intermediate energy losses, improving efficiency by approximately 5% to 10%, with the expected operational lifespan increasing from several thousand hours in conventional systems to approximately 50,000 to 100,000 hours, thereby enabling more consistent torque delivery and enhanced durability under payload.

Quiet operation. Our actuator modules incorporate optimized motor control algorithms and structural damping measures to reduce operational noise. Compared to conventional geared or belt-driven systems, where brushed motors and external transmission mechanisms often generate higher acoustic output due to friction and mechanical resonance, our actuator modules operate at noise levels of approximately 45 to 50 dB, which are below the typical daytime residential ambient noise level of 55 dB, supporting improved user comfort in residential settings.

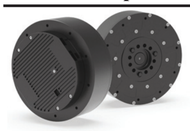
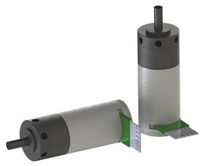
Compact in size. Our actuator modules adopt space-efficient structural designs to accommodate the dimensional constraints of household robotic systems, enabling flexible integration without compromising functionality. Compared to conventional brushed motor assemblies and belt-driven systems, which often involve multi-part assemblies with external gearboxes or belt-driven mechanisms, our integrated direct drive reduces overall height by approximately 50% and total volume by approximately one-third compared to the industry average while improving spatial utilization efficiency, thereby facilitating easier integration into compact robotic platforms and enhancing the passability of indoor cleaning robots in confined environments such as under seats and sofas.

Embodied Joint Modules

Our embodied joint modules are integrated electromechanical units designed for multi-degree-of-freedom robotic platforms. Each module comprises a high-torque motor, servo drive system, controlling components such as encoder and sensors, and structural housing into a compact joint-level assembly. We provide multiple motor options, including (i) quasi-direct-drive motors, (ii) coreless motors, and (iii) frameless torque motors, to meet customer requirements and support a full range of joint configurations for embodied intelligence robots spanning fingers, wrists, elbows and knees.

Our embodied joint modules adopt a sealed, plug-and-play architecture that integrates motor, reducer, and driver into a single enclosure. Such architecture enhances torque output while maintaining compact dimensions, and the enclosed housing prevents foreign matter ingress, supporting long-term durability in field conditions. The modules also incorporate advanced algorithms and high-resolution sensors to enable precise position, speed, and acceleration control. These modules are designed to support articulated motion in embodied intelligence robots.

The following chart sets forth some details of our typical embodied joint modules:

No.	Key products	Illustrative picture	Key parameters	Application scenarios	Functions of the product
1	P1010 Series		• Rated torque: 25 Nm • Peak torque: 120 Nm • Torque coefficient: 2.1Nm/A • Rated speed: 100±3 rpm	• Wheel-legged robots • Humanoid robots • Robotic dogs	Used in actuator joint
2	HMC Series		• Rated torque: 0.3 Nm • Peak torque: 0.4 Nm • Torque coefficient: 0.4 Nm/A • Rated speed: 42.9 rpm	• Humanoid robots	Used in actuator joint

Key features of our embodied joint modules include:

High torque density (*高轉矩密度*). Our embodied joint modules deliver peak torque outputs up to 120 Nm with torque densities higher than industry averages, according to Frost & Sullivan, supporting compact integration in embodied intelligence robots. Compared to conventional joint assemblies, our modules offer higher output per unit volume, enabling reduced payload weight and improved dynamic performance, particularly suitable for space-constrained environments.

Precision control and responsiveness (*高精度與高響應*). Our embodied joint modules support precise position, speed, and acceleration control through integrated algorithms and high-resolution sensors. This architecture reduces external wiring complexity, shortens integration cycles, enables accurate gait coordination and scalable deployment across multiple joints of embodied intelligence robots.

Comprehensive and flexible product coverage (*產品矩陣全*). We offer a full product portfolio covering the mainstream size range from 20 mm to 120 mm, which supports joint-level deployment across embodied robotic systems. Our products support multiple widely adopted control interfaces and all mainstream communication protocols, facilitating flexible system-level integration across diverse robotic platforms.

Mechanical durability (*高可靠性與耐久性*). We select structural components for our embodied joint modules based on reliability, with housing and bearings optimized for long-term load-bearing operation in dynamic and semi-structured environments.

Robots

As of the Latest Practicable Date, our robots are all wheel-legged robots, which primarily include (i) Diablo robot, (ii) TITA and TITATIT robots, and (iii) D1 robot. Different models of our robots differ primarily in locomotion modes, modular architecture design, degrees of freedom, payload capacity, and sensor and perception configurations.

Diablo Robot

Diablo robot incorporates (i) six of our M1502 series robotic direct drive actuator modules, (ii) a sealed mechanical chassis constructed from aluminum alloy and high-strength polymer, and (iii) advanced processing units and development boards. Diablo robot integrates a silent drive system with an expected service life exceeding three years and supports dynamic locomotion control suitable for semi-structured environment. Diablo robot supports over-the-air upgrades and adopts a direct drive motor configuration, which contributes to extended service life and low operational noise. In addition, the head module of Diablo robot enables calibration of externally mounted sensors and mitigates the impact of vibration on robotic systems, making it particularly well-suited for research applications in locomotion control and embodied intelligence. According to Frost & Sullivan, Diablo robot is the first direct drive dual-wheel-legged robot (直驅型雙輪足機器人) commercially introduced in the world.

The following picture sets forth an illustrative image of our Diablo robot:

The chart below sets forth key details of our Diablo robot:

Key parameters	Diablo robot
Standing size	540*371*491mm
Maximum payload	4kg
Maximum jumping height	8cm
Net weight	22.9kg
Maximum travel speed	2m/s
Maximum torque per joint	20Nm
Operating noise	lower than 49dB

Key features of our Diablo robot include:

Lateral stability and adaptability to high and low terrains. Designed specifically for continuous rugged terrain, our Diablo robot adapts to terrain height differences of up to 20 cm while maintaining horizontal stability of the head, through direct drive wheel-legged balancing, thereby enhancing its mobility in complex terrain environments.

Roll-angle control. Designed for obstacle navigation and lateral squatting capabilities, Diablo Robot is capable of achieving a roll-angle control range of ±37° through direct drive wheel-leg balancing, significantly larger than industry average controllable range of approximately ±15° to ±25°, enhancing maneuverability in semi-structured environments.

Low-noise operation enabled by full direct drive architecture. With a full direct drive configuration without gear reducers, Diablo robot maintains overall operating noise below 49 dB, which approximates ambient environmental sound levels. This low acoustic signature supports applications that require discreet inspection and operation.

Extended service life and improved mechanical robustness. We eliminate conventional reduction gearboxes, which are typically vulnerable components in legged robotic systems. This design enhances system durability and protective capability and extends operational life.

Head motion control for sensor calibration and terrain adaptation. We equip Diablo robot with an actively controlled head module facilitating efficient sensor calibration. The head controller further enables the robot to maintain a level sensor orientation during slope traversal.

TITA and TITATIT Robots

TITA robot has advanced perception and decision-making capabilities. TITA robot adopts a modular design with open interfaces and is equipped with (i) vision modules, (ii) communication modules, (iii) edge processors and various sensors. TITA robot is suitable for various application scenarios such as inspection and delivery. According to Frost & Sullivan, TITA robot is the first dual-wheel-legged robot with eight degrees of freedom (八自由度雙輪足機器人) commercially introduced in the world. In 2024, we launched TITATIT robot, the world's first commercially introduced reconfigurable wheel-legged robot formed by assembling two TITA units. TITATIT robot provides increased payload capacity and enhanced obstacle-negotiation capability.

The hardware of TITA robot integrates (i) eight of our self-developed robotic actuator modules, six of which are capable of delivering peak torque up to 120 Nm, and (ii) an aluminum-magnesium alloy chassis, thereby providing reduced overall weight and improved structural stability. The embedded onboard software and algorithm system supports hot-swappable battery replacement, quick-release wheel-hub installation, and comprehensive API access, including motor-level interfaces and perception system interfaces.

The following picture sets forth an illustrative image of our TITA robot:

The chart below sets forth key details of our TITA robot:

Key parameters	TITA Robot
Standing size	510*590*490mm
Maximum payload	10kg in running mode
Maximum jumping height	20cm
Net weight	24.1kg
Maximum travel speed	3m/s~5m/s
Operating temperature	-10°C to 45°C
Battery life (unloaded)	Four hours (with two long-service battery packs)

The following chart sets forth key features of our TITA robot:

Mobility precision and responsiveness. Our TITA robot leverages eight robotic actuator modules with multi-degree-of-freedom motion control, supporting smooth trajectory execution and agile maneuvering across varied terrain.

Terrain resilience and recovery. Our TITA robot is engineered for impact resistance and self-stabilization, with real-time posture adjustment and adaptive control strategies that maintain operational continuity in dynamic environments.

Comprehensive development interface. Our TITA robot provides comprehensive API access, including motor-level and perception-level interfaces through real-time operating system compatibility, and support for reinforcement learning environment.

Integrated perception and decision-making. Our TITA robot combines multi-modal sensing, including ultrasonic, single photon avalanche diode ("**SPAD**") camera, and binocular vision, with onboard compute to support autonomous navigation and obstacle avoidance.

D1 Robot

In October 2025, we further launched D1 robot, our modular, multi-mode, general-purpose robot. D1 robot enables robotic operation on structured terrains such as pavements, unstructured terrains such as rocky fields, as well as semi-structured terrains such as country lanes. Each D1 robot supports automatic and dynamic reconfiguration among wheel-legged, dual-wheel-legged, four-wheel-legged, dual-legged, four-legged, mixed-wheel-legged and other robotic configurations. Leveraging unified modular hardware architectures, the D1 robot overcomes the limitations of standalone robot configurations and supports the scalable and adaptable robot deployment across a broad range of application scenarios. According to Frost & Sullivan, D1 robot is the first fully modular dual-wheel-legged robot (整機模組化雙輪足機器人) commercially introduced in the world. The following picture sets forth illustrative images of different configurations of and tasks performed by our D1 robots:

Single D1 unit

Two D1 units connected

Three D1 units connected

Centaur Manipulation Mode (Three D1 units with waist module)

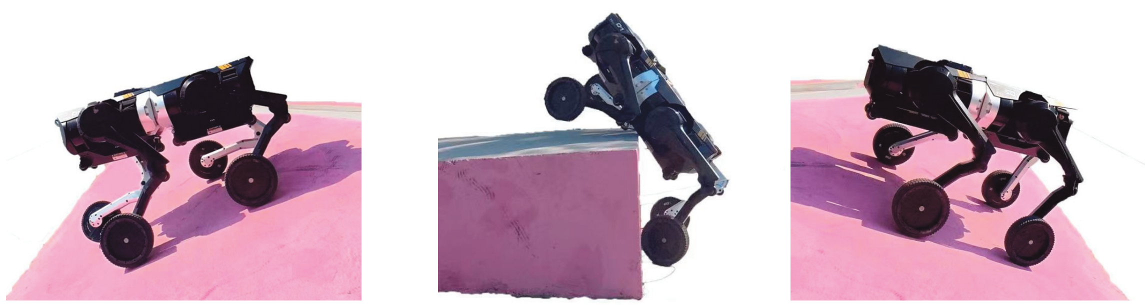
Carrying Mode (Two D1 units with one cargo module)

Complicated Terrain Mode (Three D1 units with one cargo module)

The chart below sets forth key details of our D1 robot:

Key parameters	D1 robot
Standing size	370/750*493*643mm
Maximum payload	up to 100 kg in crouched mode, 80 kg in standing mode
Maximum obstacle clearance height	70cm
Net weight	24.3kg
Maximum travel speed	3.2m/s
Operation temperature	0°C to 45°C
Battery life (unloaded)	>5 hours operation or >25 km of travel

The following pictures illustrate the typical posture changes and dynamic motion in overcoming barriers:



Our D1 robot (two units connected) in overcoming outdoor barriers

D1 robot offers the following features in modular reconfiguration, payload capacity, and runtime performance:

System-level joint architecture enabling coordination. We designed D1 robots on a system-level joint architecture that integrates group collaboration, collective task execution and adaptive formation. This architecture supports coordinated control across multiple robot units and extends embodied intelligence beyond individual robotic units.

Cross-morphology modular cooperation without fixed platform constraints. D1 robots are not limited to predefined robot types and support joint operation across wheel-legged, dual-wheel-legged, four-wheel-legged, dual-legged, four-legged, mixed-wheel-legged and other robotic configurations. This capability allows flexible recombination into variable locomotion systems, enabling coordinated operation and expanding applicability in complex and dynamic environments.

Modular reconfiguration and collaborative locomotion. D1 robots support full-system modular assembly across configurations, enabling flexible motion architectures and multi-unit cooperative deployment.

High payload capability. D1 robot is capable of sustaining up to 100 kg payload in crouched mode and 80 kg in upright mode, supporting execution of compute-intensive and sensor-rich tasks.

Long endurance and operational range. Under dual-wheel-legged configuration and unloaded conditions, D1 robot demonstrates sustained operation exceeding five hours, with a tested range surpassing 25km. This enhances productivity in outdoor inspection, material transport, and service scenarios, reducing recharge frequency and improving deployment efficiency.

Synergies between Our Robotic Actuator Modules and Our Robots

We integrate only self-developed and in-house produced actuator modules in our robots, while we procure other non-actuator modules, such as sensor and communication modules from third-party suppliers. The following table sets forth the typical integration of modules into our robots.

Modules	Robots	Integrations	Features and differences
M1502D	Diablo	Actuation joints	First-generation design with integrated motor and drive control board, eliminating separate motor and controller installation. Provides driving force to actuate the robot and enable execution movements
M1505	TITA	Drive wheels	Upgraded from M1502D with higher torque output, improved control precision and reduced form factor
P1010	TITA	Actuation joints	Three-in-one integration of motor, planetary reducer and drive control board, with improved stability, torque output and control precision relative to M1502D

Synergies between Our Robotic Actuator Modules and Customers' Robots

Our robotic actuator modules demonstrate compatibility through integrated drive-control architecture, multiple communication interface support and standardized application references, thereby enabling faster integration cycles than industry averages, according to Frost & Sullivan.

Modules	Robots	Integrations	Integration Cycle	Features and differences
M0603	Household cleaning robot	Drive wheels	30 to 45 days	Flat structural design improving internal space utilization, with near-zero noise and extended battery life
M0601	AI companion robot	Drive wheels	30 to 45 days	Higher load-bearing capacity than M0603, with compact form factor, fast response and high torque output
P1010	Robotic dog	Actuation joints	30 to 45 days	High control precision and high torque density, designed for ease of customer installation
HMC Series	Dexterous robotic hands	Actuation joints	30 to 45 days	Three-in-one integration of planetary reducer, hollow-cup motor and FOC driver, with positioning precision of one to five arcminutes and service life of up to 15,000–20,000 hours

Key Product Safety Features

The following table sets forth the safety measures and peer comparisons of our products.

Product	Safety Features		Peers
Robotic actuator modules	**Thermal safety**	• Controlled temperature rise of windings, bearings and enclosures • Built-in/external thermal protection	Limited temperature control under prolonged high-load operation due to constrained thermal design and heat dissipation efficiency
	Fault safety	• Locked-rotor, overload and short-circuit testing • abnormal operation simulation	Not available in conventional or peer products
Robots	**Battery safety**	• Lithium iron phosphate battery technology • No explosion risk under compression or high temperature	Commonly ternary lithium batteries, with higher fire/explosion risks
	Transport Capability	• Safety certifications for robots and batteries, such as UN38.3 (Battery transport safety), CE (European conformity) and CB (international electrical safety) • Air transportation capability for domestic and international shipment;	Lack overseas battery transport certifications
	EMC and Radiation	• Radiation certifications for electromagnetic compatibility • Compliance with standards across multiple jurisdictions	
	Mechanical Safety	• Integrated lifting strap design to secure leg components • Prevention of leg movement during transportation to avoid injury	Among the first to adopt integrated sling design; reduces transport injury risk

Supporting Systems

The operation of our robotic actuator modules and robots requires self-developed supporting control systems and software as part of an integrated control framework. Our direct drive actuator modules and embodied joint modules operate with our drive-control software system for motor control, while robots operate with our motion-control system for movement coordination.

OUR CORE TECHNOLOGIES

We specialize in the R&D and integration of foundational technologies for direct drive systems and embodied robotics platforms. We have established three core technology pillars: (i) the robotic actuator module technology, (ii) the wheel-legged robot technology, and (iii) the modular reconfiguration technology.

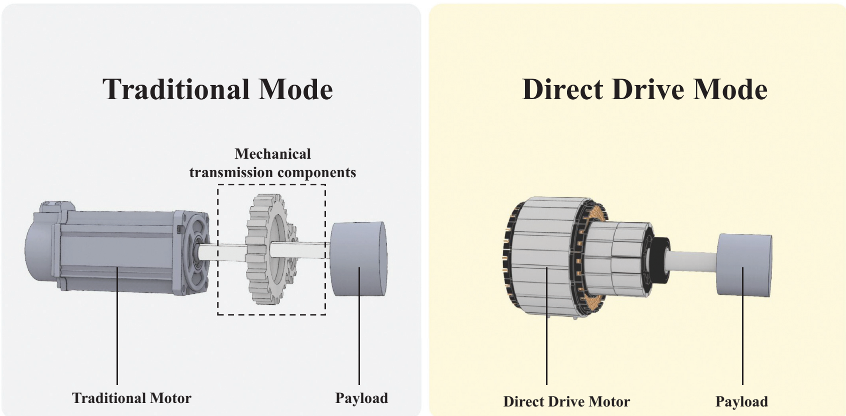
Core Technological Strengths

Robotic Actuator Module Technology

Our core technological strengths in the robotic actuator module technology span (i) direct drive motor design, (ii) thermal management, and (iii) drive-control integration.

Direct Drive Motor Design

A direct drive motor is a design where the force or torque from a prime mover is transmitted directly to the effector device without involving intermediate couplings such as a gear or a belt. The following diagram sets forth an overview of a typical working pattern of direct drive motors compared to traditional motors for illustrative purpose:



Our direct drive motor design technology is tailored for low-speed, high-torque conditions. Our direct drive motor design has the following advantages and addresses the structural and control challenges associated with multi-pole, high-slot-count configurations.

Pole-slot pairing and low cogging torque design. Pole-slot design matches and optimizes the number of magnetic poles and stator slots in a motor. Such low cogging torque strategies help reduce motor speed and torque ripple, maintaining motor output torque and speed control errors below 0.1% at rated operating conditions, thereby mitigating torque ripple, improving electromagnetic efficiency and enhancing smoothness and low-speed controllability.

Concentrated winding structure and stator-winding optimization. Concentrated windings involve winding coils onto a single stator tooth, with no overlap. Such design reduces winding resistance, shortens winding process time, lowers copper losses by approximately 5.0% and improves production efficiency by approximately 30% compared to motors without concentrated winding structure.

Structural, hardware and software co-design. Through coordinated electromagnetic, mechanical, and control-system design, we compress controller volume and improve power-stage utilization. Our low-voltage direct drive motors achieve high voltage utilization even when powered by battery packs, fulfilling low-speed high-payload scenarios and high-speed low-payload scenarios.

Thermal Management

Our thermal management technology supports sealed motor architectures which require coordinated heat dissipation strategies to maintain safe operating temperatures and ensure long-term reliability. Our thermal management technology has the following advantages:

Unified heat conduction. We establish thermal interfaces linking windings, stator core, and control electronics, with heat discharged through the shaft extension to reduce internal temperature.

Simulation-based thermal validation and support for enclosed deployment. We verify thermal performance through simulation and physical testing, with design parameters closely tied to manufacturing processes and material selection. Effective thermal management enables sustained operation without external cooling, supporting use in compact or semi-structured environments.

Full-domain thermal management. We adopt a thermal-management strategy across electromagnetic design, structural layout, hardware selection, and software control, achieving physical thermal interconnectivity. The combined heat-conduction path extends to the shaft extension and the protective canopy to lower motor operating temperature and increases reliability under continuous payload.

Drive-Control Integration

Our drive-control integration technology includes encoder configurations and model-based control algorithms to compensate for non-ideal motor characteristics, and are calibrated to specific operating scenarios and support adaptive control.

Advanced control algorithms for torque and speed stability. We employ algorithms that compensate for torque ripple, and incorporate harmonic-injection techniques within our model-based control algorithms to suppress speed and torque ripple, enhancing motion smoothness and improve performance under varying payloads.

Adaptive parameter algorithm tuning for diverse operating environments. Our systems automatically tune parameters to optimize performance, enhancing dynamic movement features such as disturbance and systematic overshoot.

Integrated control-hardware design. We design our built-in PCB layouts taking into consideration thermal, electronic and magnetic environments and costs to long-term motor reliability.

Comparison of Our Core Technological Strengths with Peers

The following table sets forth a comparison of certain technical metrics between our robotic direct drive actuator modules (utilizing our direct drive motor design, thermal management technologies and drive-control integration technologies), and the comparable actuator modules from other industry peers.

Core technological strengths	Technical Metrics	Our actuator modules	Comparable actuator modules from peers[1]	Comparison explanation
Direct drive motor design	Torque density	15 ~ 20 Nm/kg	10 ~ 15 Nm/kg	Torque density measures the amount of torque a motor can deliver per unit of weight. Higher torque density indicates that motors are able to output greater torque under the same weight, thereby providing stronger payload capacity, higher dynamic response speed, and superior overall motion performance.
	Torque ripple	Typically within ±0.1%	Within ±0.3%	Torque ripple refers to variations in output torque during operation. Lower torque ripple level significantly enhances motion smoothness and control precision, providing a more stable and reliable power output foundation for high dynamic response scenarios.
Thermal management	Slot fill rate	Approximately 60% to 65%	Approximately 50% to 60%	Slot fill rate reflects the proportion of conductor material within the stator slots. Higher fill rate enables the cooling system to maintain efficient operation for longer periods under peak payloads, thereby enhancing the continuous working capability and overall reliability of the actuator module.
	Heat-dissipation path	Unified conduction circuit	Separate, uncoordinated hot paths	Heat dissipation capability reflects the effectiveness of a motor's thermal path design. Unified design significantly enhances heat dissipation efficiency and thermal balance, providing effective protection for core components under high-load operation.
Drive-control integration	Size	More compact axial sizes	Longer axial profile	Dimensional efficiency reflects the extent of system-level integration achieved during the design stage. Highly integrated layout significantly optimizes module space utilization, providing a key advantage for lightweight and compact structures.

Note:

(1) For technical metrics and statistics, "comparable" refers to industry average ranges, while for product features and capabilities, "comparable" refers to features commonly found in the majority of actuator module products sold by peers in the global consumer robotic actuator module industry, according to Frost & Sullivan.

Case Study 1 – Our Robotic direct drive actuator module, M0603 Series

Key functions. Our direct drive technology enables precise torque output and stable locomotion by removing the reducer mechanism, simplifying the drive system architecture and reducing mechanical complexity.

Applications to our products. We apply direct drive technology to the M0603 series to produce modules with more compact footprints, extended service life and reduced fault rates, addressing space constraints and reliability requirements of household cleaning robot.

Practical benefits. As household cleaning robots become increasingly sophisticated, customers face growing demand for compact designs, extended operational lifespan and reduced maintenance requirements, driven by more complex product configurations and longer average usage cycles. Customers integrating M0603 modules achieved more compact internal designs, lower fault rates and reduced after-sales repair costs compared to conventional reducer-based modules.

Case study 2 – Our Embodied joint modules, HMC Series

Key functions. Our robotic actuator module technology delivers high torque density joint actuation across multiple configurations through integrated drive-control architecture.

Application to our products. We apply our robotic actuator module technology to the HMC series through three dimensions: (i) flexible design and production processes optimized for customer deployment, (ii) joint module design targeting system dynamic performance, and (iii) redesigned drive-side software protocols leveraging our pre-training environment for large model algorithm compatibility.

Practical benefits. The HMC modules enable rapid deployment of embodied intelligence robots, systematically improve dynamic performance of their robotic systems, and enhance compatibility with large model algorithms, thereby accelerating customers' product iteration cycles and reducing integration costs.

Wheel-Legged Robot Technology

Highly Modular Design

Our wheel-legged robot adopts a modular hardware architecture that extends from the end-effector, to the entire robot. This foundation enhances configuration flexibility, simplifies maintenance and supports efficient life-cycle management.

Four-layer embodied modular hardware architecture. The platform incorporates modular design across key subsystems, enabling reconfiguration of core structural components. For instance, in the TITA robot, we realize four levels of modularization: (i) leg end modularization, (ii) hot-swappable battery modularization, (iii) payload modularization, and (iv) whole-machine modularization. This architecture allows rapid replacement of key modules and reconfiguration for inspection, delivery, and other application scenarios.

Standardized mechanical and electrical interfaces. Unified mechanical, power and data interfaces support fast module exchange without complex calibration, facilitating hot-swappable power systems and plug-and-play payload integration. This standardization enhances runtime and simplifies deployment in industrial and semi-structured environments.

Long Endurance Design

We design our wheel-legged robots with embodied joint modules for high impact resistance, minimizing mechanical wear and reducing system losses during operation. Furthermore, by enabling locomotion without stepping gaits, the platform supports an energy-efficient operating mode, allowing sustained deployment.

Extended endurance supported by energy-efficient actuation and control. We design control algorithms for wheel-legged robots that allow movement without relying on continuous stepping gaits during operation. Under this mode, actuator modules remain in a low-load state to improve energy utilization and supports longer operating time.

Life-cycle efficiency enabled by durable mechanical architecture. The long service life of the drive system and structural components reduces the need for frequent replacement, lowering long-term maintenance requirements and improving overall cost efficiency for industrial and inspection use cases.

Robust performance in practical deployment scenarios. The underlying mechanical robustness and power-efficient system design support reliable operation in high-frequency activities such as inspection, repeated obstacle traversal and continuous payload transport, enabling customers to treat wheel-legged robots as long-term, high-availability infrastructure.

Endurance enhancement enabled by hot-swappable battery technology. TITA robot is the first wheel-legged robot commercially introduced in the world to incorporate hot-swappable battery technology. Through a dual-battery system architecture and on-robot battery replacement, the system supports theoretically continuous runtime without requiring shutdown for recharging. In addition, the top-mounted battery design supports straightforward replacement with higher-capacity battery modules, enabling flexible scaling of operating time under standard deployment conditions.

Comparison of Our Core Technological Strengths with Peers

The following table sets forth a comparison of certain technical metrics between our wheel-legged robots utilizing our highly modular design and endurance technologies, and the comparable wheel-legged robots from other industry peers.

Core technological strengths	Technical Metrics	Our wheel-legged robots	Comparable wheel-legged robots from peers[(1)]	Comparison explanation
Highly modular design	Modular approach	**Foot-end modularization**		Modular design not only supports rapid replacement and upgrades of key components but also provides the product with high task adaptability and maintenance convenience, significantly expanding its application scenarios and lifecycle.
		Supports interchangeable footend modules, such as standard wheel hubs, large wheel hubs and foot configurations	Mostly do not support direct wheel or foot-end replacement	
		Battery modularization		Such feature enables quick battery replacement under uninterrupted operation conditions, enhancing operational continuity and efficiency, especially suitable for high-availability scenarios.
		Hot-swappable	Rarely hot-swappable or only partially hot-plug capable	
		Battery capacity expansion capabilities with top-mounted battery design	Typically side-inserted, with limited expansion capabilities	
		Payload modularization		Compared to typical peer designs, payload modularization design enables users to flexibly configure and swap payloads according to task requirements, thereby enhancing robots' functional versatility and scenario adaptability
		Rapidly replaceable through top-mounted design and standard interfaces	Typically fixed and non-interchangeable	
		Whole-machine modularization		Modularity design allows for independent upgrades and rapid reconfiguration of core functional units to support multiple robotic forms, which not only reduces maintenance costs but also provides a solid foundation for continuous product iteration and customized expansion.
		Support multiple robotic forms	Mostly using single-form design	
Long Endurance design	Service life	Maximum test life up to four years and up to 30,000 jumps	Motor failure may occur after approximately several thousand jumps	Service life is measured by durability in repeated mechanical actions. Longer service life indicates reduced replacement cycles and greater reliability in sustained use.

Note:

(1) For product features and capabilities, "comparable" refers to features commonly found in the majority of wheel-legged robot products sold by peers in the global wheel-legged robot industry, according to Frost & Sullivan.

Case Study 3 – Our Robot, Diablo

Key functions. Our wheel-legged robot technology delivers terrain-adaptive locomotion capabilities in our Diablo robot by combining the stability and obstacle-negotiation advantages of legged robots with the energy efficiency and operational reliability of wheeled robots.

Application to our products. We apply our wheel-legged robot technology to develop the Diablo robot as a delivery-capable robotic platform, enabling customers to deploy robots that maintain chassis stability on uneven road surfaces while sustaining extended operational range across urban delivery routes.

Practical benefits. Urban delivery operators face key challenges including traversal of uneven road surfaces such as speed bumps, prevention of cargo spillage, and battery range. Compared to traditional wheeled robots, our Diablo robot maintains body stability on uneven road sections, ensuring terrain traversability and cargo integrity during transit. Our Diablo robot provide longer battery range and higher operational reliability to enable efficient and reliable urban delivery operations.

Modular Reconfiguration Technology

Our modular reconfiguration technology is built on two core foundations: (i) a unified modular hardware architecture, and (ii) a general-purpose cerebellum technology. Through a unified module architecture, the system supports configurations through standardized interfaces, enabling transition across locomotion forms with minimal module changes. Such technology enables wheel-legged robots to overcome the limitations of conventional single-form embodied intelligence robots and to operate across different robotic forms. Complemented by component-level optimization, the technology delivers system-level performance and cost efficiency.

The following table sets forth a comparison of certain technical metrics between robots utilizing our modular reconfiguration technologies, and the comparable robots from other industry peers.

Core technological strengths	Technical Metrics	Our robots	Comparable robots from peers[(1)]	Comparison explanation
Flexibility beyond inherent machine type	Number of compatible robotic forms	Compatible with multiple basic forms including wheel-legged, dual-wheel-legged, four-wheel-legged, dual-legged, four-legged, mixed-wheel-legged and other robotic configurations	Typically limited to one to two basic forms Form changes often require major structural modifications	The multi-form adaptability enables a single robot unit to cover diverse scenarios ranging from structured roads to complex terrain, significantly expanding the application boundaries and deployment flexibility.
		Support multiple leg variants, such as orthodontic and reverse-arch leg variants	Typically do not support multiple leg variants	
Supporting multi-agent intelligence	Multi-agent intelligence	Supports multi-agent intelligence by fixed connection, enabling coordinated behavior across multiple connected units	Typically operate as single, fixed bodies without cooperative intelligence	Multi-agent intelligence refers to the capability of multiple robotic units to coordinate their actions through shared control and communication, functioning collectively rather than as isolated machines, enabling group collaboration, collective task execution, and adaptive formation in complex environments.

Core technological strengths	Technical Metrics	Our robots	Comparable robots from peers[(1)]	Comparison explanation
Cost efficiency due to modular configuration	Payload capacity	Support up to 80kg payload at the same cost level	Typically up to 40kg payload at the same cost range	Modular configuration reduces structural stress, simplifies mechanical architecture, and supports higher payloads without premium options while cost reductions in core components at scale offset the incremental costs of symmetrical mechanisms.
	Movement speed	Up to 2m/s, with higher speeds achievable via modular change	Common maximum speed up to 3m/s at the same cost range	
	Configuration upgrade	Modular design allow cost-efficient upgrades	Non-upgradeable due to non-modular hardware architecture	
Stable reconfiguration structure	Lateral resistance capability	Achieves 150 kg lateral resistance capability in connected form, equal to over three times of its own weight	Not available due to non-modular design	Lateral resistance capability in wheel-legged robots refers to the ability to withstand side-pulling forces relative to body weight. The reconfiguration design improves robots' structural stability and disturbance resistance under dynamic imbalance or external impact.

Note:

(1) For features and capabilities, "comparable" refers to features commonly found in the majority of robot products sold by peers in the global wheel-legged robot industry as applied with their modular reconfiguration technologies, according to Frost & Sullivan.

Case Study 4 – Our Robot, D1

Key functions. Our wheel-legged robot technology delivers unified modular hardware architecture and dynamic reconfiguration capabilities, supporting multiple configurations.

Applications to our products. We apply our wheel-legged robot technology to develop the D1 robot as a multi-configuration embodied intelligence algorithm development platform, enabling customers to deploy and validate large model algorithms across diverse robot configurations without requiring separate hardware platforms for each configuration.

Practical benefits. Embodied intelligence large model developers face challenge in validating the universality of their model algorithms across robot configurations, requiring a single robotic platform supporting multiple configurations while validating both locomotion and manipulation capabilities. Leveraging our wheel-legged robot technology, a customer developing embodied intelligence world model algorithms selected D1 as their development platform and completed cross-configuration universality validation, reducing development costs, shortening validation cycles for embodied intelligence algorithm commercialization.

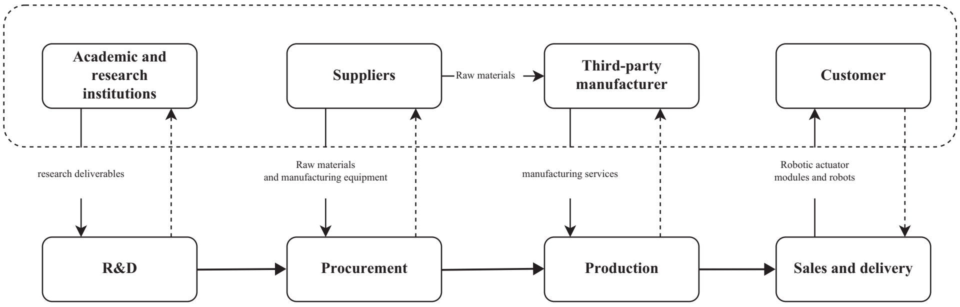
COMMERCIALIZATION

During the Track Record Period, we primarily generated revenue from the sale of our Specialist Technology Products. These products include robotic actuator modules and our robots. All of our products are designated Specialist Technology Products as defined under Chapter 18C of the Listing Rules. Our products and underlying technologies are exclusively applied to the engineering/development of robots and automated systems. Our Directors are of the view that our products fall within an acceptable sector of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules on the following basis, as advised by Frost & Sullivan: (i) our robotic actuator modules, designed for the improved performance of tasks and automation process, while (ii) our robots are wheel-legged robots that provide dynamic locomotion and articulated motion for robotics and automation applications, and thus both fall within the category of robotics and automation. Based on the due diligence conducted by the

Sole Sponsor and the views expressed by Frost & Sullivan and our Directors, the Sole Sponsor is of the view that each of our products falls within an acceptable sector of a Specialist Technology Industry, specifically robotics and automation under advanced hardware and software, as defined under Chapter 18C of the Listing Rules. We have adopted a transaction-based model for the sales of our designated Specialist Technology Products. Revenue is generally recognized at a point in time when control of the products is transferred to our customers, which typically occurs upon delivery and acceptance. We do not sell our products on a project basis.

Our R&D, Production and Sales Cycle

The following chart illustrates our typical R&D, production and sales cycles:



Product	R&D	Procurement	Production	Sales and delivery
Robotic actuator modules	**Standard**(1): 75 to 120 days **Specified configuration**(2): Prototype (30 to 45 days)(3) and mass production: 75 to 120 days	30 to 45 days	Vary based on volume(4)	One to two days
Robots	**Standard**(5): eight to 12 months **Customized**(5): One to 24 months	One to 20 days	One to three months	One to 30 days

Product flow

Fund flow

Third parties

Notes:

(1) "Standard" refers to actuator modules internally defined and developed by us from the initial R&D stage.

(2) "Specified configuration" refers to actuator modules with configurations finetuned to meet specific customer requirements.

(3) R&D is typically completed within 30 days and prototype validation generally requires 15 to 30 days.

(4) For standard robotic actuator module products, once all required materials are available, the initial unit is typically completed within one day, and the peak daily production capacity is approximately 50,000 units.

(5) For standard robots, the typical time for R&D depends on design complexity, with the prototype-to-production period being around eight months for Diablo, 12 months for TITA, and 10 months for D1. For customized products, the typical time depends on project complexity, size, and customer requirements, with core units deliverable within one month and complete robots requiring up to two years.

The table below sets forth how our Specialist Technology Products fall within the category of the Specialist Technology Companies as defined in Chapter 18C of the Listing Rules.

Specialist Technology Products	Specialist Technology Category	Function Analysis	Key Customers and Customer Demand Drivers
Robotic Actuator Modules			
Robotic direct drive actuator modules	Robotics and automation (robot technology)	Our robotic direct drive actuator modules function as integrated motion units that deliver precise torque and stable locomotion for robotics and automation systems. Our direct drive actuator modules improve automation performance by eliminating mechanical transmission components, thereby reducing maintenance requirements, extending operational lifespan, and enabling more responsive motion control with torque ripple By combining motor, drive system and controlling components in a compact architecture, they enable low-speed, high-torque performance with reduced noise and wear, supporting precise motion control across consumer, industrial and commercial robotic applications.	Our major customers primarily fall into three categories: (i) Consumer robot providers, which demand actuator modules for consumer applications scenarios, such as household cleaning robots and robotic lawn mowers; and (ii) Industrial and commercial robot providers, which utilize our products in collaborative robots and AMRs. (iii) Embodied intelligence robot providers, which utilize our products in finger, wrist, elbow, shoulder and knee joints of embodied intelligence robots. The development of global robotic actuator module industry is primarily driven by several factors, including: (i) Upgrading downstream demand across multiple scenarios drives actuator modules toward miniaturization, low noise, and extended endurance (ii) Expansion of application scenarios from consumer to industrial and commercial domains (iii) Direct drive actuator module and model-based control algorithm leading technological upgrading (iv) Breakthroughs in new materials and AI technologies enhance product performance (v) Localization and industry chain collaboration reduce costs and accelerate commercialization (vi) Policy focus on core component innovation supports technological breakthroughs and industrialization (vii) The standardization of the industry
Embodied Joint Modules	Robotics and automation (robot technology)	Our embodied joint modules provide motion for multi-degree-of-freedom robotic platforms. Embodied joint modules support a full range of joint configurations for embodied intelligence robots spanning finger, wrist, elbow, shoulder and knee. Our embodied joint modules enable improved task performance in humanoid and dexterous robotic applications by delivering high torque in compact form factors, supporting precise force control and coordinated multi-joint movements required for complex manipulation tasks.	
Robots	Robotics and automation (robot technology)	We provide wheel-legged robots. Our robots support the adaptability to frequent transitions between indoor and outdoor environments and are able to perform multitasks such as research, inspection and delivery tasks.	The development of global wheel-legged robot industry is primarily driven by several factors, including: (i) Technology iteration driven by consumer, industrial and commercial application demands, fostering continuous product innovation (ii) Localization and self-sufficiency of core components (iii) Evolution toward modular assembly architectures, enabling multi-scenario adaptability (iv) Integration of direct drive technology and embodied intelligence to strengthen autonomous operation capabilities

The table below sets forth the commercialization timeline of our major Specialist Technology Products.

Specialist Technology Products	Launch[(1)]	Start of revenue recognition	Major Application Scenario	Major Application Scenarios/End-Products
Robotic direct drive actuator module				
M0601 Series	July 2020	October 2021	Consumer robots	Air purifier robot
M0602 Series	May 2020	October 2021	Commercial and industrial robots	Household cleaning robot and servicing robot
M0603 Series	April 2022	June 2022	Consumer robots	Household cleaning robot AI companion robot
M1502 Series	June 2020	October 2021	Commercial and industrial robots	Robotic lawn mower and commercial cleaning robot
M1503 Series	July 2021	June 2022	Commercial and industrial robots	Collaborative robot, AMR and servicing robot
Embodied Joint Module				
P1010 Series	August 2024	October 2024	Embodied Intelligence robots	Collaborative robot, humanoid robot and robotic dog
P0610 Series	March 2025	August 2025	Commercial and industrial robots	Humanoid robot
Robot				
Diablo Robot	September 2021	May 2022	Mainly inspection, delivery, research and other application scenarios	Inspection, delivery and research
TITA Robot	June 2023	August 2024		Inspection, delivery and research
TITATIT Robot	April 2024	October 2024		Inspection, delivery and research
D1 Robot	October 2025	November 2025		Inspection, delivery and research

Note:

(1) Launch date of the first product of the relevant series.

BUSINESS SUSTAINABILITY AND PATH TO PROFITABILITY

Revenue Growth

We achieved sustained business growth but were loss-making during the Track Record Period. During the Track Record Period, our revenue growth was primarily driven by sales of our robotic actuator modules and robots. As a robotics technology company with capabilities spanning from core technology development to application implementation, we continued to expand and diversify our product portfolio. We believe that ongoing product commercialization, increased sales scale, and operational efficiencies will support our progression toward profitability.

Supported by expanding sales network and a growing customer base, our product sales increased throughout the Track Record Period, leading to a growth in revenue from RMB17.5 million in 2023, to RMB79.8 million in 2024 and further to RMB281.7 million in 2025, with a CAGR of 300.8% from 2023 to 2025. Our revenue further increased from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026.

Net Loss

Despite our rapid growth, we have not yet achieved profitability during the Track Record Period. We recorded adjusted net losses (non-IFRS measure) of RMB61.2 million, RMB61.6 million, RMB43.2 million and RMB27.5 million in 2023, 2024, 2025, and the six months ended June 30, 2026 respectively, primarily attributable to our ramp-up stage, during which we focused on product innovation, technological enhancement, capacity expansion and market development for new product lines. In particular, we made substantial investments in research and development, with R&D expenses of RMB39.0 million, RMB42.9 million, RMB55.4 million and RMB53.6 million in 2023, 2024, 2025, and the six months ended June 30, 2026 respectively. For further details, see "Financial Information — R&D Expenditure and Total Operating Expenditure." We aim to sustain business success and financial returns within the expanding robot industry, prioritizing long-term market potential. We will increase investment in the development of robotic direct drive actuator modules, embodied joint modules, and robots. As a result, our R&D expense and selling and marketing expense may continue to increase, and we may continue to incur net losses in the foreseeable future.

Path to Profitability

Stable Revenue Growth

During the Track Record Period, our revenue increased from RMB17.5 million in 2023 to RMB79.8 million in 2024 and further to RMB281.7 million in 2025, representing a CAGR of 300.8% from 2023 to 2025, and further increased from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026, reflecting rapid product portfolio expansion and penetration into downstream application scenarios. While we continued to record net losses, we expect improvement as revenue growth and operating efficiency gains take effect. Leveraging technological strengths in robotic direct drive actuator modules, embodied joint modules and robots, we plan to capture the rising demand across application scenarios. Rapid growth and increasing penetration of the global robot industry further support our trajectory. According to Frost & Sullivan, the global robotic actuator module market is expected to expand to RMB206.3 billion by 2030, representing a CAGR of 13.9%; the PRC robotic actuator module market is expected to grow from RMB43.6 billion in 2026 to RMB72.9 billion in 2030, with a CAGR of 13.7%, with the consumer segment expected to grow more rapidly from RMB13.9 billion in 2026 to RMB26.1 billion by 2030 with a CAGR of 17.1%; while the global wheel-legged robot market is expected to grow from RMB366.7 million in 2026 to RMB6,671.3 million by 2030, representing a CAGR of 106.5%.

Advancing Core Technologies to Strengthen Product Leadership

Our path to profitability is supported by advancement of three core technology pillars: (i) robotic actuator module technology, focusing on integrated motor design, thermal management and drive-control systems to improve torque density, efficiency and reliability; (ii) wheel-legged robot technology, emphasizing adaptability to frequent transitions between indoor and outdoor environments, to enhance adaptability; and (iii) modular reconfiguration, emphasizing unified modular hardware structure supporting coordinated operation, task allocation and dynamic reconfiguration across robotic units. These technologies underpin our differentiated product portfolio and strengthen our positioning.

We plan to advance these technologies through upgraded direct drive products for household cleaning robots, selected upgraded integrated joint and dexterous hand modules for embodied intelligence robots, selected next-generation motor technologies, and selected robot upgrade projects. For further details of the relevant projects, timelines and expected outcomes, see " – Research and Development – Key R&D Areas and Projects." We expect these technological advances to shift our revenue mix towards higher-complexity, higher-value products, and to reduce unit R&D costs through platform-based design and technology reuse across product lines.

Iterative Product Development to Broaden Application Scenarios

We have expanded product portfolio from consumer application scenarios into industrial and commercial, and embodied intelligence robots. We iteratively introduced embodied joint modules for embodied intelligence robots, and wheel-legged robots. We plan to refine our products to improve adaptability, accuracy, and efficiency in complex environments, which enable us to penetrate new markets, expand customer demand across application scenarios, and diversify revenue streams. In turn, broader application coverage is expected to accelerate commercialization, and contribute to path toward sustainable profitability. In particular, we plan to expand across the following directions:

Consumer applications. In terms of household cleaning robots, we expect to establish three generations of direct drive hub technology and extend into roller motor applications such as upgraded M4 series and M5 series direct drive actuator modules. In terms of robotic lawn mowers, we plan to introduce dual-drive and four-drive actuator module configurations, targeting mass production by September 2026, to broaden our coverage for outdoor autonomous robot applications**.**

Industrial and commercial applications. We plan to introduce (i) aviation-connector direct drive modules adapted for overseas industrial transmission line customers, (ii) a second-generation IPM drive technology for digital fitness equipment and (iii) direct drive actuator modules with torque specifications for racing simulator applications, targeting mass production by September 2026, June 2026, and December 2026, respectively.

Embodied intelligence robots. We plan to develop a broader product portfolio for embodied intelligence robots, including integrated joint modules, dexterous hand modules and related products.

Robot. We plan to expand our robot product line through selected new configurations and ecosystem accessories based on our D1 platform. The viability of our pipeline expansion is supported by (i) our established direct drive actuator module technology, which provides a common development foundation adaptable across application scenarios; (ii) existing customer engagement and inbound demand from industrial and commercial customers during the Track Record Period; and (iii) our modular reconfiguration design approach, which enables us to develop application-specific configurations without incurring full redesign costs.

Enhancing Engagement with Strategic Customers to Drive Recurring Revenue

Our ability to engage with customers is central to building recurring revenue streams. During the Track Record Period, we established relationships with leading consumer robot providers and embodied intelligence robot providers, supplying robotic actuator modules that align with their product development cycles.

We intend to broaden recurring revenue by expanding collaboration with strategic customers into new application scenarios. We plan to strengthen and expand relationships with existing customers, including leading consumer robot providers such as Customer C and embodied intelligence robot providers such as Customer H, by (i) expanding supply scope by progressing from component supply to value-added assembly, such as delivering hub assemblies by integrating our actuator modules with customer-provided components, to increase revenue per order and strengthen customer retention; (ii) participating earlier in customers' product development cycles by engaging at the specification design stage to provide technical input on motor performance, interface compatibility and cost optimization, including through annual technical seminars and product review sessions with key customers, enabling us to secure earlier order commitments and align our R&D investment with confirmed customer demand; and (iii) establishing rolling purchase forecast arrangements with customers to improve our order visibility and procurement planning efficiency, enabling more precise capacity allocation and reducing fulfillment lead times on our end. We plan to broaden our customer base by (i) targeting additional consumer robot providers whose product profiles align with our technology, (ii) pursuing emerging robot providers at early development stages, and (iii) strengthening overseas sales through international exhibitions and overseas agents, focusing on servicing robot and companion robot providers. We expect revenue per customer to increase and fixed operating costs to be spread across a broader revenue base, improving operating leverage over time. As our business continues to scale, we expect our losses to gradually narrow and achieve net profit and net operating cash inflows in the next two years.

Optimizing Operating Efficiency

Enhancing Production Efficiency through Scalable Infrastructure and Economies of Scale

We are committed to improving cost control and operational efficiency by scaling production infrastructure and introducing greater automation. During the Track Record Period, we expanded manufacturing capacity to support rising shipment volumes, while implementing automatic assembly lines to improve consistency. We deployed intelligent manufacturing software to enable digitalized control, optimizing resource allocation and lowering unit production costs. The improvement in our operating efficiency is evidenced by the decrease in manufacturing overhead as a percentage of revenue from 14.4% in 2023 to 5.6% in 2024, to 3.3% in 2025, and remained stable at 3.4% in the six months ended June 30, 2026, and labor costs as a percentage of revenue decreasing from 10.2% in 2024 to 8.3% in 2025, and further to 6.9% in the six months ended June 30, 2026 as production scale expanded. We plan to strengthen production efficiency by leveraging economies of scale and achieved process optimization. In 2026, we added four additional automated production lines an automation rate exceeding 50%. These initiatives are expected to further reduce unit labor and manufacturing overhead costs through increased throughput and reduced manual assembly requirements. We expect manufacturing overhead and labor costs to reduce by approximately 10% to 15% by 2027, with reductions expected to be achieved progressively in 2026 and 2027, driven by (i) the introduction of automated production lines, improvement in tooling optimization; and (ii) tightened control over material suppliers and optimized quality inspection processes to reduce incoming material defect rates. For further details, see "Future Plans and Use of **[REDACTED]**."

Our gross profit margin improved from 13.5% in 2023 to 20.7% in the six months ended June 30, 2026, reflecting the ongoing reduction in unit material costs achieved during the Track Record Period. We plan to further reduce unit material costs by 15% to 20% through a comprehensive supply chain upgrade initiated in 2025. These targets are derived from our internal analysis of procurement cost structure and benchmarking against achievable unit cost reductions identified through supplier negotiation and process optimization. We plan to (i) optimize supplier tiering structure to enhance pricing competitiveness; (ii) increase procurement order frequency from monthly to weekly rolling releases to reduce unit procurement costs; and (iii) implement quantified incoming material tracking metrics covering delivery completeness, defect rates and on-time delivery. For supplier tier structure, we plan to categorize suppliers based on pricing competitiveness, delivery reliability and quality performance, and focus our procurement with major suppliers to strengthen our negotiating position. We plan to negotiate for quarterly or semi-annual volume-and-price lock arrangements with major suppliers, including (i) suppliers for raw materials such as magnets and enameled copper wire, as well as (ii) suppliers for electronic components such as PCBAs, to secure more favorable pricing. For order frequency, we plan to increase procurement order frequency from monthly to weekly rolling releases to reduce buffer stock requirements, lower inventory obsolescence risk from design changes, reduce warehousing and logistics pressure and improve working capital utilization by lowering cash tied up in inventory and reducing accounts payable pressure. While more frequent orders of smaller sizes may reduce volume-based discounts, we expect the resulting savings from reduced inventory holding costs and improved capital efficiency to offset such reduction, resulting in a net decrease in unit procurement costs. As of the Latest Practicable Date, we are implementing the supply chain upgrade measures by stages, with full completion targeted by December 2026.

Improving R&D Efficiency through Modular Design and Technology Reuse

We are enhancing R&D efficiency by leveraging our robotic technologies and modular design approach. Our robotic actuator modules and robots share unified architectures, enabling reuse of core components and algorithms across multiple product lines. Shared electromagnetic designs, standardized interfaces and reconfigurable structures allow us to expand into new application scenarios without incurring full redesign costs. We target shortening product development cycles by more than 15% and reducing R&D costs per project by 5% to 10% through module reuse, platform-based design and more concentrated procurement of shared components. The basis for these targets is derived from internal assessment of development time and cost inefficiencies attributable to duplicated design work across product lines, which our modular architecture is intended to eliminate. Specifically, shortening development cycles is expected to be achieved through validated electromagnetic design reuse, standardized mechanical interfaces and shared software algorithms across product lines, reducing development time on design work. R&D cost reduction per project is expected to be achieved primarily through concentrated procurement of shared components, reducing per-project material acquisition costs. As of the Latest Practicable Date, modular design framework had been fully implemented across all active R&D projects.

Optimizing Expense Management to Support Scalable Growth

We will focus on priority markets and leveraging insights to improve efficiency. From January 2026, we plan to focus sales and marketing resources on key accounts, key industries and key regions, and to strengthen centralized budget controls for administrative functions. In particular, (i) for key accounts, we plan to establish dedicated key account teams operating under a sales-product-project integrated model, focusing on new customer acquisition; (ii) for key industries, we plan to concentrate resources on consumer application scenarios such as household cleaning robots and robotic lawn mowers, and embodied intelligence robot application scenarios; (iii) for key regions, we plan to strengthen market coverage through international industry exhibitions and distributors with overseas channel resources; and (iv) for administrative functions, we plan to implement centralized budget approval processes monitoring between actual and budgeted expenditure, and streamlined headcount management.

Working Capital Sufficiency

Our Directors are of the view, and the Sole Sponsor concurs, that taking into account our available resources including cash and cash equivalents on hand and the net estimated **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present requirements and to cover at least 100% of our costs for the next 12 months from the date of this document.

RESEARCH AND DEVELOPMENT

R&D Team and Investment

Our commitment to innovation and technology is central to our long-term growth. As of June 30, 2026, our R&D team comprised 192 experienced employees, 94.3% of whom held bachelor's degrees or higher. Our R&D team possesses an average of five years of industry experience across robotic actuator module and motion control, embedded drive-control hardware, thermal and power system design, robot structural engineering, and system-level robotic platform development. Our R&D team is led by six core members. We determine our core R&D team based on their R&D experience and leading roles in core product and technology development. The following table sets forth the details of our core R&D members. For background and education history of our core R&D members, see "Directors and Senior Management."

Core R&D members	Profile
Mr. Zhang	Mr. Zhang, our founder, executive Director, chairman of the Board and chief executive officer, with nine years of R&D experience in the robot industry. As our founder, Mr. Zhang has led the research and development of our core robotic actuator modules and robots, contributing to the establishment of our key technologies and product roadmap.
Dr. Liu Xuyang	Dr. Liu Xuyang, our executive Director and president, with 10 years of R&D experience in the robot industry. As the head of our R&D team, he has spearheaded the development and continuous enhancement of our three core technology pillars, overseeing key innovations across system architecture, advanced algorithms, and product-level engineering that underpin our next-generation product offerings.
Mr. Zhu Zhilong	Mr. Zhu Zhilong, our vice president, with nine years of R&D experience in the robot industry. After joining us in 2019, he has led the industry application of direct drive motors in household cleaning robots.
Dr. Yu Yanan	Dr. Yu Yanan, our Director of Motor Technology, with 21 years of R&D experience in the robot industry. After joining us in 2020, he has led the electromagnetic design of all our motor products and overseen the development, testing, and mass production of our robotic actuator module product series.
Dr. Huang Yongcan	Dr. Huang Yongcan, our Director of our embodied joint module product line, with 10 years of R&D experience in the robot industry. Dr. Huang is currently leading the R&D of lightweight, hollow cup modules. Since joining us in 2023, he has been responsible for the overall operation and management of the manufacturing department, driving reforms and optimization of production-related activities to support rapid scaling and order fulfillment.
Mr. Liao Xuanhong	Mr. Liao Xuanhong, our Director of Robotic Technology, with five years of R&D experience in the robot industry. Mr. Liao joined us in 2020 and has led the full-cycle development of robotics products, from research and design to manufacturing since 2024.

We retain core R&D members through competitive remuneration packages and comprehensive welfare benefits. In particular, we have implemented an incentive mechanism that places emphasis on R&D personnel in terms of performance evaluations, promotion opportunities and bonus allocations, in recognition of their role in technological innovation and product development. We invest in structured training programs and encourage core R&D members to participate in industry forums and professional exchanges to keep abreast of technological development. See also "— Employee — Employee Recruitment, Training and Development." We grant rewards to employees who successfully obtain patents or contribute materially to proprietary technologies. If a core R&D member requests termination of employment, we conduct exit communications to understand the underlying reasons and to mitigate potential impacts. Salient terms of our agreement with our management and core R&D members are set out below.

Non-competition. We have the right to require core R&D members to comply with non-competition obligations during their employment and for a period of up to 48 months following termination, subject to applicable laws. During such period, they may not engage, directly or indirectly, in any business or activities that compete with our business. We implement these restrictions to protect our core technologies and commercial interests.

No conflict of interest. We require our core R&D members to devote their full working time and attention to our business during the term of their employment. During the term of employment, employees shall not engage in any other employment or business activities, whether on a full-time or part-time basis, without our prior written consent.

IP ownership. We own all rights, titles and interests, to the fullest extent permitted by applicable laws, in any inventions, developments, designs, software, know-how or other intellectual property created by our core R&D members during their employment, in connection with their duties, or using our resources or confidential information. Core R&D members are required to promptly disclose such inventions and cooperate with us in securing and maintaining relevant intellectual property rights.

Proprietary information and confidentiality. We require our core R&D members to keep confidential all proprietary, technical, business and financial information obtained or developed during their employment. Employees are required to keep such information strictly confidential and shall not, during employment or at any time thereafter, disclose, use or permit the use of such information except as necessary for the performance of their duties or with our prior written consent.

As of June 30, 2026, we had established our R&D centers in Beijing and Dongguan. During the Track Record Period, we continually address technical and engineering challenges associated with customizing and delivering robotic actuator modules and robots in line with the evolving market and customer demands. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our R&D expenses were RMB39.0 million, RMB42.9 million, RMB55.4 million, RMB26.9 million and RMB53.6 million, respectively, accounting for 222.6%, 53.8%, 19.7%, 18.8% and 26.8% of our total revenue in the same periods, respectively. Our R&D efforts have led to various accomplishments. For further details, see "— Intellectual Property."

R&D Approach and Process

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

No.	R&D Process	Description
1	Project initiation and requirement definition	We initiate each project by determining technical specifications based on internal planning and customer needs. Project teams establish development plans aligned with development-to-mass-production requirements and initiate formal development based on internal and customer specifications.
2	Electromagnetic and structural design	Our electromagnetic team designs motor topologies and conducts performance simulations. Our structural team develops mechanical layouts, prepares bills of materials, and generates part- and assembly-level drawings to support manufacturability.
3	Hardware and software development	Our hardware team designs schematics, layouts, and selects components. Our software team develops control algorithms, tunes parameters, and supports embedded system integration.
4	Technical review and standardization	We organize cross-functional reviews and technical exchanges to align design practices. Our engineering teams establish internal standards and resolve technical challenges across domains.
5	Prototype fabrication	Our prototyping team builds physical samples based on approved drawings and specifications. These samples support internal validation and external evaluation before production handoff.
6	New product introduction	Our new product introduction team coordinates testing, quality, and procurement to move validated designs into scalable manufacturing. We resolve manufacturability issues and prepare for volume production.
7	Trial production and optimization	After completing the new product introduction handover, we conduct trial production to verify process stability and yield. Our engineering teams continue to participate throughout the process, monitor performance, and implement iterative optimization prior to mass production.

Key R&D Areas and Projects

Our R&D efforts focus on advancing three core technology pillars to support scalable deployment across application scenarios. Within the robotic actuator module technology, our R&D focuses on advancing materials selection, manufacturing processes and electromagnetic design to support stable low-speed, high-torque operation, thermal robustness and compact integration within robotic joints. These efforts include selective use of alternative conductive and magnetic materials, process improvements to enhance electromagnetic efficiency and reduce thermal losses, and coordinated electromagnetic, structural and control design to meet the requirements of modular robotic platforms. In terms of the wheel-legged robot technology and the modular reconfiguration technology, we prioritize modular robot design, standardized interfaces and reconfigurable structures that enable rapid adaptation between multiple robot configurations. Our development of wheel-legged robots emphasizes modular end-effectors, hot-swappable power systems and payload flexibility, supporting efficient reconfiguration, extended service life and reliable operation in inspection, logistics and semi-structured environments. During the Track Record Period and up to the Latest Practicable Date, there was no legal claim or proceeding that had material adverse impact on the R&D of our Specialist Technology Products. The following table sets forth some of our key R&D projects carried out during the Track Record Period and up to the Latest Practicable Date:

Project Name	Project Objective
Robotic Actuator Module Technology	
Direct Drive Actuator Module	
Magnetic field adjustment motor (磁場調整電機)	• Validate Halbach magnetic circuits for torque density • Develop adjustable-ratio magnetic gear motors • Research advanced control for novel motors
Axial flux motor (軸向磁通電機)	• Achieve higher torque density via sandwich motor architectures • Validate oil cooling and advanced magnetic materials • Integrate motor-inverter-gearbox • Achieve torque density of approximately 200 Nm/kg and enable mass production • Validate integrated windings and advanced stator processes
Miniaturized actuator modules for indoor cleaning application scenarios	• Develop smaller direct drive hub motors with diverse outer diameter configurations • Expand the motor product series for indoor cleaning applications
Integrated actuator modules for outdoor cleaning application scenarios	• Develop a high-performance integrated hub motor with higher torque • Address diverse drive requirements of different outdoor robotic lawn mower models
Embodied Joint Module	
Lightweight, hollow cup modules (靈巧手空心杯模組) with enhanced power density and thermal management	• Achieve a peak output torque of over 2.6 Nm in the space of a coincidence joint module with a diameter of no more than 20mm • Reach continuous torque density of approximately 0.44 Nm/cm^3 • Reduce hotspot temperature rise by approximately 40%, or increase continuous power by 30% at the same temperature rise
Dynamic embodied joint module for energy closed-loop	• Achieve peak output torque over 150Nm with total module weight no more than 1.5kg • Withstand instantaneous shocks up to 10× rated torque without damage • Achieve actual braking energy recovery efficiency in operation of at least 60%
Wheel-Legged Robot Technology	
Diablo robot upgrade project	• Develop on-site safety patrol robot based on factory scenarios • Develop consumer dual-wheel-legged patrol robot • Develop educational dual-wheel-legged patrol robot
TITA robot upgrade project	• Develop outdoor delivery robot configuration equipped with robotic arm for food delivery applications • Design a higher-capacity hot-swappable battery based on TITA's top-mounted battery design to upgrade TITA's endurance • Add external battery accessories to enable the battery to be supplied as a standalone component
TITATIT robot upgrade project	• Establish a foundation for reinforcement learning capabilities for wheel-legged robots based on TITATIT

Project Name	Project Objective
Modular Reconfiguration Technology	
D1 robot upgrade project	• Design and manufacture the D1 combination assembly kit based on D1's original modular design, including depth cameras, LiDAR, and various connectable structural components • Assemble D1 into new robot configurations with multiple wheel-legs based on D1-set
Combinable humanoid robot upgrade project	• Further explore retargeting technology and imitation learning technology based on accumulated modular reconfiguration technology and reinforcement learning technology, to create a connectable humanoid robot • Conduct work related to upper limb manipulation of humanoid robots based on accumulated modular assembly technology

Based on our current development plan, the following table sets forth selected 2026 development milestones for certain projects and project upgrades:

Application Scenario	Project	Achieved and Expected Milestones
Consumer	M4 series third-generation direct drive hub technology for household cleaning robots	Technical validation by the end of 2026
Consumer	M5 series second-generation direct drive hub motor iteration and upgrade for household cleaning robots	Mass production and broader commercial rollout commenced in June 2026
Consumer	Direct drive roller motor technology for household cleaning robots	Technical validation by the end of 2026
Consumer	Hub drive product iteration and upgrade for robotic lawn mowers	Mass production and broader commercial rollout by September 2026
Embodied intelligence	Integrated joint module iteration and upgrade for embodied intelligence robots	Mass production and broader commercial rollout commenced in July 2026
Embodied intelligence	Dexterous hand joint module iteration and upgrade for embodied intelligence robots	Mass production and broader commercial rollout by September 2026
N/A	Field-modulated motor technology iteration	Mass-production validation by the end of 2026
N/A	Axial flux motor technology iteration	Technical validation by the end of 2026, with a target maximum torque density of at least 150 Nm/kg

Collaboration with Academic and Research Institutions

In addition to our independent R&D, we collaborate with academic and research institutions with research expertise in robotics, automation and actuator technologies and industry partners to jointly explore new technologies and product development methodologies. During the Track Record Period, our product R&D was primarily conducted in-house, with a small portion outsourced to third parties, including academic and research institutions. Our outsourced R&D expenses amounted to RMB0.8 million, RMB0.6 million, RMB0.2 million, RMB0.05 million and RMB3.1 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing 2.1%, 1.5%, 0.3%, 0.2% and 5.7% of our total R&D expenses during the same periods. These joint R&D efforts focus on enhancing motor design automation and simulation capabilities through AI-based modeling and algorithmic optimization. The increase in outsourced R&D expenses in the six months ended June 30, 2026 was primarily due to multiple existing long-term joint R&D projects reaching contractual expense recognition milestones during the period. We do not consider such outsourced activities to constitute core R&D, as evidenced by (i) the minimal proportion of outsourced R&D expenses relative to our total R&D expenses, representing no more than 5.7% of our total R&D expenses during the Track Record Period; and (ii) the generally declining trend of such proportion from 2023 to 2025. We did not experience any termination of outsourced or collaborative R&D arrangements during the Track Record Period and up to the Latest Practicable Date. Salient terms of our agreements with academic and research institutions are set out below.

Duration and termination. The terms are typically two years, and may be extended based on mutual agreement. Either party may terminate the agreement upon material breach, force majeure, or circumstances that make the project objectives unachievable.

Roles and responsibilities. We delegate design tasks to the academic and research institution and appoint project representatives to oversee progress. We retain primary ownership and usage rights over deliverables. The collaborator cannot transfer results to third parties before delivery, and is bound by confidentiality on disclosed technical information.

Technology sharing and development. We collaborate with institutions to conduct joint research on defined technical topics, such as (i) high-performance balance control algorithms and (ii) minimum-acceleration control for uneven terrain. The agreements specify the research objectives, methods, technical routes, work plans, and quarterly technical communication mechanisms.

Intellectual property ("IP") rights. IPs independently developed by each party remain solely owned by that party. IPs generated from joint development work are jointly owned unless otherwise agreed. We retain exclusive rights to apply for patents relating to corresponding control technologies. Usage rights, transfer rights, and benefit-sharing mechanisms for jointly developed IP are determined through mutual agreement.

Funding. We provide research funding through staged payments, including an initial payment made within 15 working days after contract execution and subsequent payments tied to mid-term assessments and final acceptance. Academic and research institutions do not provide monetary funding but contribute technical labor as their investment in the collaboration.

Milestones and deliverables. Academic and research institutions deliver research outputs in the agreed forms, including algorithm source code, simulation modules, and technical reports. Deliverables are accepted based on feasibility and robustness demonstrated through simulation and physical testing.

Confidentiality. Both parties agree to maintain the confidentiality of proprietary information, including technology, research findings, and technical data shared during the collaboration. The confidentiality obligation shall not be affected by termination or lapse of the agreement.

Risk allocation. Where research cannot be completed due to technical difficulties that cannot be overcome under current technological conditions, each party bears its own losses and no liability is pursued. Parties must notify each other in advance upon identifying risks that may affect project success and take reasonable measures to mitigate potential losses.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had 352 granted patents (including 46 invention patents and 234 utility model patents), seven registered copyrights and 30 registered trademarks in China. As of the Latest Practicable Date, we have 148 patents in application and five trademarks in application in China. As of the Latest Practicable Date, we independently developed and solely owned our patents as well as patent applications material to our operations, and we did not have any co-share arrangement of our patents and patent applications material to our operations with third parties or are subject to any material payment obligation associated with our IP rights. During the Track Record Period and up to the Latest Practicable Date, we hold two patents co-owned with academic institutions, which were not utilized in our current products, but were not considered material to our business as we open-sourced the relevant technology after such patents were granted. These two patents arose from our collaborative research with academic institutions on motor design automation and simulation capabilities that is supplementary to, rather than forming part of our core in-house R&D activities. For further details, see "Appendix VI —

Statutory and General Information — B. Further Information about our Business — 2. Our Intellectual Property Rights.". The table sets forth the key intellectual property rights in relation to our core technological strengths as applied in our Specialist Technology Products.

Specialist Technology Product	Core Technological Strengths	Patent No.	Application Scenario/ End products
Robotic actuator module	Direct drive motor design	ZL202110565925.0 ZL202121123611.7 ZL202422185030.6 ZL202323200153.4 ZL202422166463.7 ZL202421105799.6 ZL202420881431.2 ZL202420857126.X ZL202420857108.1 ZL202410418784.3 ZL202323609826.1 ZL202323609783.7 ZL202411220997.1	Consumer robot Industrial and commercial robot
	Thermal management	ZL202322832400.6 ZL202110565925.0 ZL202422515775.4 ZL202323249643.3 ZL202123273057.3	Consumer robot Industrial and commercial robot
	Drive-control Integration	ZL202121124323.3 ZL202311849693.7 ZL202323634106.0 ZL202410418781.X ZL202420778243.7 ZL202421005261.8	Consumer robot Industrial and commercial robot
Robot	Stable reconfiguration structure	ZL202411092299.8 ZL202421926858.6 ZL202411092295.X ZL202321379424.4 ZL202321743275.5 ZL202421926864.1 ZL202420646781.0	D1 Robot
	Highly modular design	ZL202421157618.4 ZL202530068235.3 ZL202110325733.2 ZL202422515773.5 ZL202422755163.2 ZL202520091875.0 ZL202422755174.0	Diablo Robot TITA Robot D1 Robot
	Long endurance	ZL202220535717.6 ZL202210247827.7	Diablo Robot TITA Robot D1 Robot

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that, based on the information above, each of our products falls within an acceptable sector of a Specialist Technology Industry, specifically robotics and automation under advanced hardware and software, as defined under Chapter 18C of the Listing Rules. Based on the due diligence conducted by the Sole Sponsor and the views expressed by Frost & Sullivan and our Directors, the Sole Sponsor is of the view that each of our products falls within an acceptable sector of a Specialist Technology Industry, specifically robotics and automation under advanced hardware and software, as defined under Chapter 18C of the Listing Rules. We self-develop and own the core intellectual property underlying our direct drive motor design, thermal management, drive-control integration, highly modular design, long endurance design, and modular reconfiguration architectures. We intend to continue expanding our intellectual property portfolio by advancing proprietary control frameworks and hardware-software integration strategies. For further details, see "Risk Factors — We may be involved in legal disputes, which could materially and adversely affect our business, results of operations and financial condition."

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 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, there is no material payment obligation associated with our intellectual property rights. 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.

PRODUCTION

Our Production Facilities

As of the Latest Practicable Date, we had two production bases located in Dongguan, Guangdong, China, with an aggregate gross floor area of approximately 24,287.2 sq.m. This facility primarily manufactures and assembles our robotic actuator modules and robots using a wide range of raw materials and components.

Production Capabilities

The following table sets forth our designed production capacity, production volume and production utilization rate by product category for the periods indicated.

	Year ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
Robotic actuator module[1]					
Designed production capacity (thousand unit)	790	4,082	15,730	7,800	10,500
Production volume (thousand unit)	300	2,249	8,510	4,582	7,424
Utilization rate[2] (%)	38.0	55.1	54.1	58.7	70.7
Robot[4]					
Designed production capacity[3] (unit)	335	419	501	270	501
Production volume (unit)[4]	267	210	240	117	294
Utilization rate[5] (%)	79.7	50.1	47.9	43.3	58.7
Total utilization rate (%)	**38.0**	**55.1**	**54.1**	**58.7**	**70.7**

Notes:

(1) Designed production capacity of the year is calculated based on the following assumptions: (i) 300 operational days per year, and (ii) 20 operating hours per day. The calculation of designed production capacity excludes (i) production lines which were suspended for maintenance/technical upgrades and (ii) newly launched production lines which were undergoing a test period. From 2023 to 2025, increases in the designed production capacity of our robotic actuator modules was primarily due to the capacity expansion in the second half of 2024 and the first quarter of 2025 to meet increased demand in consumer application scenarios, especially for household cleaning robots. From the six months ended June 30, 2025 to the same period in 2026, such increase was primarily due to the expansion of our production facilities.

(2) Utilization rate is calculated as dividing production volume by the production capacity for the same year. From 2023 to 2025, the production utilization rate of our robotic actuator module was relatively low, primarily due to our capacity planning approach of sizing designed production capacity to meet peak daily order demand rather than average demand, in order to accommodate order fluctuations inherent in downstream application scenarios. From 2023 to 2024 the utilization rate of our robotic actuator modules experienced a stable upward trend in line with our sales growth and rising market demand. From 2024 to 2025, the utilization rate of our robotic actuator modules remained relatively stable. From the six months ended June 30, 2025 to the same period in 2026, the increase in our utilization rate of our robotic actuator modules was driven by our sales growth and rising market demand, reflecting better utilization of our expanded designed production capacity.

(3) Designed production capacity for robots is based on the assumption that all robots are of the Diablo robot model. During the Track Record Period, the designed production capacity of our robots experienced a stable upward trend as we expanded our production capacity to accommodate the assembly of multiple robot models following the launch of new products.
(4) From 2023 to 2024, the production volume and utilization rates of our robots decreased, primarily due to the launch of the TITATIT robot in 2024, which increased product complexity and required a longer ramp-up period to stabilize the supply chain and optimize assembly processes while supporting multiple robot models.
(5) From 2024 to 2025, the utilization rate of our robot decreased despite the increased production volume, primarily because we proactively expanded capacity in the fourth quarter of 2025 in light of expected demand growth in 2026, and the newly expanded capacity had not yet been fully utilized. From the six months ended June 30, 2025 to the same period in 2026, the increase in our production volume and utilization rate of our robot was driven by our sales growth and rising market demand, reflecting better utilization of our expanded designed production capacity.

Production Process

We primarily manufacture our products in-house in our production facility. Customers are involved during quality control inspection upon delivery. The table below illustrates key steps of our production process for robotic actuator module. The manufacturing process consists of three segments: stator fabrication, rotor fabrication, and final assembly. The stator generates the magnetic field, while the rotor responds to that field to produce motion, allowing the manufactured module to convert electrical energy into mechanical movement. On average, the production of a single direct drive actuator module and a single embodied joint module takes approximately 22.5 minutes and 40.4 minutes, respectively.

No.	Key steps	Description
Stator segment		
1	Stator pin insertion	Pins are inserted into the stator, forming the structural foundation for winding, and the encapsulated iron core is transferred to the winding machine.
2	Stator winding	Copper wire is wound around the stator core to create the electromagnetic coils, followed by a double-sided coil height inspection to verify whether the coil height meets the specified standards.
3	Stator testing and PCBA board installation	Upon passing inspection, electrical connections are soldered across the phases and common terminal, the bearing is press-fitted, and the PCBA board is soldered onto the stator and visually inspected before proceeding.
Rotor segment		
4	Magnetic yoke adhesive application, retain ring installation, and magnet insertion	The shaft is bonded into the magnetic yoke under pressure, and permanent magnets are affixed to the yoke and left to cure.
Assembly segment		
5	Stator-rotor assembly	The stator and rotor are fitted together, and a circlip is installed on the shaft with wave washers to secure the combined assembly.
6	Motor housing assembly	The rear cover is bonded to the magnetic yoke with structural adhesive and assembled with the calibrated motor to enclose and protect the internal components.
7	Wire harness installation and securing	The wire harness connecting the motor to external power and control systems is inserted and secured with adhesive to ensure structural integrity.

The table below illustrates key steps of our production process for robots. On average, the production of a single Diablo, TITA and D1 robot takes approximately 12 hours, eight hours and 18 hours, respectively.

No.	Key steps	Description
1	Mid-body assembly	Electronic components are placed and secured inside the robot body, and internal wiring is connected.
2	Battery compartment module assembly	The battery compartment is assembled, including the slider mechanism, button components, bus board, frame, and capacitor.
3	Front face module assembly	The ultrasonic sensor and camera are installed and secured within the front face shell, and the front bottom shell is attached.
4	Leg assembly	The pull rods, spherical bearings, cranks, and lower leg components are assembled and connected to form each leg. Wiring is routed through the leg structure before the outer cover is fitted.
5	Robot final assembly	The rear compartment and power management system are secured, and all sub-assemblies—mid-body, battery compartment, front face, and legs—are combined and the bottom shell cushioning pad is affixed to complete the robot.

Collaboration with Third Party Manufacturers

During the Track Record Period, we outsourced a limited portion of our supplementary production processes including PCB surface mounting and cable and tire assembly, to certain third-party manufacturers. We engage third-party manufacturers based on predefined selection criteria such as technical capabilities, production capacity, quality control standards, compliance track record and cost efficiency. During the Track Record Period, all of our third-party manufacturers are independent third parties.

Typically, we procure raw materials from our raw material suppliers and arrange for such suppliers to deliver the raw materials directly to the relevant third-party manufacturers. Fees paid to third-party manufacturers are recognized as outsourced production costs under our cost of sales. During the Track Record Period, we engaged 11, 17, 22 and 21 third-party manufacturers, with the outsourced processing costs amounting to RMB1.0 million, RMB7.0 million, RMB34.3 million, and RMB23.8 million, respectively, accounting for 6.7%, 10.9%, 15.5% and 15.0% of our cost of sales in the same periods, respectively. For further details, see "Financial Information — Principal Components of Consolidated Statements of Profit or Loss — Cost of Sales."

Standard Agreement with Third Party Manufacturers

The following sets forth a summary of the salient terms of our standard agreements with third party manufacturers:

Duration. We typically do not enter into long-term agreements with third-party manufacturers. We specify production requests through individual purchase orders.

Raw material procurement. We are responsible for providing raw materials and packaging materials, along with the corresponding incoming material inspection standards.

Design and specification and warranties. We generally set specifications, production processes, work instructions, and packaging designs. Our third-party manufacturers are responsible for the quality control of the relevant production processes. Our third party manufacturers are responsible for quality during the warranty period of the assembled components.

Intellectual properties. All intellectual property rights related to the assembled components, including trademarks, packaging, and technical documents provided by us, remain our property.

Risk transfer, return and exchange. Risk transfers upon delivery and written receipt at our designated warehouse. We reserve the right to inspect and reject non-compliant components, with all associated liabilities borne by the third party manufacturers. We may request return, exchange, or price reduction for quality issues.

Production Equipment

We have established a production system equipped with the machinery and tools necessary for actuator assembly, robot integration, testing, and calibration. Our principal production equipment is summarized below.

No	Production Equipment	Function	Production Process
1	Pin machine	Motor stator core pin for wire wrapping	Stator pin insertion
2	Wire winder	Motor stator core wound	Stator winding
3	Comprehensive testing equipment	Coil performance testing	Stator comprehensive testing and PCBA board installation
4	Round dispenser	Magnet reinforcement	Magnetic yoke adhesive application, retaining ring installation and magnet insertion
5	Magnet insertion machine	Magnet securing	Magnetic yoke adhesive application, retaining ring installation and magnet insertion

Production Management

Our manufacturing operations are overseen by our production department. We have a dedicated production team comprising experienced staff. Our production team has adopted a suite of management strategies and practices to enhance production efficiency and advance the automation of our manufacturing procedures.

QUALITY CONTROL

Our quality control department consists of personnel in production and quality control. Our Dongguan production base holds ISO9001 and IATF16949 certifications, underscoring our commitment to quality control and management.

We implement a quality control framework covering the entire lifecycle of our products, from raw material procurement, production, storage, logistics to after-sales services:

Incoming quality control. We conduct rigorous inspections and testing on all incoming raw materials and key components to ensure compliance with our technical specifications before they enter the production process. Our quality engineers benchmark supplier-provided materials against multiple performance parameters, and collaborate closely with suppliers to verify material reliability and compatibility. Incoming inspections include appearance checks, dimensional verification, functional testing and performance sampling, supplemented by supplier audits and ongoing quality assessments.

In-process quality control. We deploy dedicated quality assurance personnel at key production stages to monitor process stability and prevent deviations. Throughout manufacturing, we conduct multiple rounds of inspections on semi-finished products, monitor critical process parameters, track line-level performance indicators and analyze real-time production data to identify and resolve anomalies promptly. This end-to-end supervision ensures that each unit meets our internal standards and industry expectations for safety, consistency and reliability.

Finished product quality control and outgoing quality control. All finished products undergo comprehensive quality inspections before packaging and shipment. These inspections include structural and functional checks, electrical and performance testing, and verification against customer-specific configuration requirements. Only products that fully satisfy our internal criteria and applicable industry standards may proceed to shipment. Our quality control personnel perform final-stage audits to ensure uniformity and consistency across production batches.

Storage and logistics quality control. We maintain controlled storage conditions for raw materials, in-process inventory and finished goods to mitigate risks such as oxidation, moisture exposure and environmental degradation. Inventory is subject to periodic inspection to ensure that materials remain within required storage specifications. For outbound logistics, we adopt standardized packaging procedures and monitor shipment conditions to preserve product integrity throughout transportation and delivery.

Third-party manufacturing quality control. To ensure that products manufactured by third-party partners meet our quality standards, we have established a strict end-to-end oversight system. Specifically, we (i) set clear admission criteria including qualification reviews, assessments of equipment and technical capabilities and on-site factory inspections with trial-production verification, (ii) enter into quality guarantee agreements that specify technical standards, inspection responsibilities and breach liabilities; and (iii) conduct dynamic production monitoring through random inspections, on-site parameter checks and continuous tracking of quality data by our customer service quality engineers.

SALES AND MARKETING

Our Sales Network

As of June 30, 2026, we sold our products to both domestic and international markets. During the Track Record Period, substantially all of our revenue was generated domestically. The following table sets forth a breakdown of our revenue by geographic region of the delivery location, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Domestic	16,334	93.1	79,776	99.97	279,917	99.4	143,328	100.0	196,948	98.3
Overseas(1)	1,204	6.9	26	0.03	1,798	0.6	4	0.0	3,347	1.7
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

Note:

(1) In 2023, our overseas revenue mainly comprise revenue from United States of RMB0.5 million, revenue from Singapore of RMB0.2 million, and revenue from Japan of RMB0.2 million. In 2024 and 2025, our overseas revenue comprise revenue from Hong Kong. In the six months ended June 30, 2026, our overseas revenue mainly comprise revenue from Hong Kong of RMB3.1 million, revenue from South Korea of RMB0.1 million, and revenue from Japan of RMB0.1 million.

Our Sales Channel

We sold our products through a sales network that integrates both direct sales and distributorship channels. We sell our robotic actuator modules and robots both through our online and offline direct sales channels. Through direct sales, we evaluate and understand customers' demands and business development plan, and engage in collaboration with customers in strategy, technological roadmap and product development. For robots, we also choose to adopt a distributorship model primarily to capitalize on distributors' market knowledge and established sales channels for robots. According to Frost & Sullivan, engagement of distributors for the sales of robots is in line with the industry norm in the global robot industry. The following table sets forth a breakdown of revenue from product sales by sales channel in absolute amounts and as a percentage of our revenue from product sales for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Offline direct sales	14,161	80.8	74,844	93.8	273,900	97.2	140,399	98.0	189,110	94.4
Online direct sales	56	0.3	318	0.4	508	0.2	320	0.2	118	0.1
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Offline direct sales	1,622	9.2	3,363	4.2	6,390	2.3	2,392	1.6	10,592	5.3
Distributorship	525	3.0	1,277	1.6	917	0.3	221	0.2	475	0.2
Online direct sales	1,174	6.7	—	—	—	—	—	—	—	—
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

During the Track Record Period, substantially all of our revenue was generated from our direct sales channel. For further details, see "Financial Information — Results of Operations — Revenue — Revenue by Sales Channel."

Our Direct Sales

Our offline direct sales customers primarily include (i) consumer robot providers, (ii) industrial and commercial robot providers, and (iii) embodied intelligence robot providers. Our online direct sales customers primarily include individual customers. Under our offline direct sales arrangements, our customers may make diversified configuration requirements on product specifications for robotic actuator modules and robots, and will review and conduct certifications on key performance of the required products. We have maintained a steady base of customers under our direct sales channel. In 2023, 2024, 2025 and the six months ended June 30, 2026, we had 205, 211, 282 and 191 offline direct sales customers, which we define as offline direct sales customers from whom we recognize revenue in the respective periods. We generally enter into a framework agreement with our offline direct sales customers. Salient terms of our typical direct sales agreements are as follows:

Term and termination. We typically enter into framework direct sales agreement with a fixed term from one to two years, which may be terminated by offline direct sales customers upon prior written notice.

Price and payment terms and purchase amount. We sell our products to offline direct sales customers at mutually agreed price levels. We typically grant a credit period up to 90 days to our offline direct sales customers. The purchase amount is specified in each purchase order under the framework agreement.

Product warranty and return and logistics. We typically provide a product warranty period of one year. We typically do not allow our offline direct sales customers to return products to us except for limited reasons, such as product design defects or quality issues. We are responsible for delivering our products to locations designated by our offline direct sales customers.

Our online sales channel operates through e-commerce platforms where we have established flagship stores to sell products to individual customers. We do not enter into separate agreements with individual online customers. Under our agreements with the e-commerce platforms, the platforms provide online store space, technical support, and platform functions. We pay fixed annual platform usage fees and variable technical service fees calculated as a percentage of sales, and the platforms collect payments from individual customers and settle with us after deducting applicable service fees.

Our Distribution Channels

We use our distribution channels to sell our robots. The relationships between distributors and us are categorized as seller-buyer relationships. Distributors are not allowed to sub-distribute without our prior consent. Revenue is recognized upon the transfer of control of our products, which occurs when the products are delivered to and accepted by our distributors. Our distributors are independently responsible for their own inventory management, any risks arising from which will be taken by our distributors at their own cost. Historical sales generated by these distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors as detailed below. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had five, 15, 13 and 16 distributors, which we define as distributors with whom we maintain valid distribution agreements as of the respective dates. The following table sets forth the movement in the number of our distributors during the periods indicated.

	Year ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Distributors at the beginning of year	—	5	15	13
Addition of new distributors	5	10	—	3
Termination of existing distributors	—	—	2	—
Distributors at the end of year	**5**	**15**	**13**	**16**

The changes in our distributor base during the periods presented were primarily driven by the expansion and adjustment of our business development strategy. In 2023, 2024, 2025 and the six months ended June 30, 2026, we engaged five, 10, nil and 3 new distributors, consistent with our strategy to broaden market coverage and enhance channel penetration. In the same periods, we terminated collaboration with nil, nil, two and nil distributors, respectively, primarily due to our distributor management strategies to optimize channel quality, consolidate low-performing partners, and align our distributor network with evolving market priorities. 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. To the best of our knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates.

Principal Contractual Terms with Distributors

We generally enter into a master framework agreement with our distributors. Salient terms of our typical agreements with distributors are as follows:

Term and termination and designated sales territory. The term of the distribution agreement is typically one year, subject to renewal by mutual agreement. Either party may terminate the agreement in accordance with contractual grounds. Distributors are authorized to sell designated products within the designated specific geographic areas and industry scope as specified in the agreement, and they may not sell or market our products outside their assigned territory, or distribute competing products.

Price policies and payment and purchase amount and minimum purchase target. We provide channel pricing and suggested retail prices, and distributors purchase at the agreed channel price. We require distributors to make advance payments. Purchase amounts are confirmed in each purchase order. Initial sample purchase requirements may apply at the start of cooperation. We typically impose a minimum purchase target in monetary terms within the distribution agreement for the agreement term. We are entitled to terminate the distribution agreement if such targets are not met.

Use of name and trademarks and confidentiality and IP protections. Distributors are authorized to use our name and trademarks to market our products and must act to promote our good reputation. However, distributors shall not register the trademark related to our trademarks. Both parties must maintain confidentiality over business, technical, and commercial information. All product-related intellectual property remains with us, and distributors may not modify, copy, reverse-engineer, or provide products to third parties without written consent.

Product guarantee and return and risk transfer. Ownership and risk are transferred to the distributor upon delivery and acceptance. We provide warranty coverage as specified in purchase orders based on the products provided, offer repair or replacement for confirmed quality issues, and exclude products damaged by unauthorized disassembly, modification, or misuse. All significant risks, including inventory risks, are transferred to our distributors upon delivery and acceptance, and we retain no ownership control over the products sold to our distributors.

Distributor Selection and Management

We have adopted a structured set of distributor selection criteria and management protocols. For customers in the research and education sector, we primarily engage distributors with relationships with universities and prior experience in robotics education. We assess distributors based on performance, purchase commitments, and ability to meet annual performance targets. Distributors are required to sign annual task agreements. For penetration into downstream application scenarios, we cooperate with distributors capable of secondary development and possessing relevant downstream customer resources. We evaluate distributors based on their technical capabilities, procurement commitments, and alignment with industry-specific deployment requirements. We conduct regular performance reviews, replace underperforming partners, and maintain ongoing oversight of channel execution quality.

Channel Stuffing and Anti-Cannibalism Risk Management

We have implemented a set of operational controls to mitigate channel stuffing risks and prevent cross-channel diversion: (i) **payment discipline:** we require full payment prior to delivery for most distributor orders; (ii) **territorial and channel boundaries:** we assign distributors to defined geographic regions and sales channels, and prohibit unauthorized cross-regional sales or sub-distribution; in cases of customer overlap, we coordinate resolution by allowing the distributor to continue engagement or, where direct contracting occurs, we settle service fees with the distributor to preserve their role in pre-sales and after-sales support; and (iii) **pricing control and enforcement:** we maintain minimum price thresholds for distributors and monitor compliance through our marketing team; in cases of non-compliance, we may impose penalties, suspend supply, or terminate distribution rights.

Pricing

We price our products considering a variety of factors, primarily including (i) target gross margin levels, (ii) prevailing market prices for comparable products, (iii) customer tolerance levels, and (iv) competitive dynamics of the global robot industry. We adjust pricing to reflect differences in technical configuration, development requirements and strategic alignment, and final pricing is determined on a case-by-case basis. According to Frost & Sullivan, the pricing of our robotic actuator modules and robots during the Track Record Period was generally within the price ranges observed in the industry. In addition, to manage the potential impact of price fluctuations or supply shortages, we have (i) established a diversified supplier management system, including developing alternative suppliers, adopting multi-channel and multi-region procurement strategies and entering into long-term supply arrangements with key suppliers; (ii) adopted procurement frameworks, aiming to lock in supply volume and pricing with key suppliers for extended periods; and (iii) optimized our procurement strategies, supplier evaluation mechanisms and production planning.

Robotic Actuator Modules

We do not provide customizable robotic actuator modules. Nevertheless, we offer standard configurations for customers, including differences in parameters such as electromagnetic design, structural complexity, torque and speed performance profiles, and material selection. Pricing varies across configurations to reflect differences in technical complexity, performance characteristics and the associated production cost structure.

Robots

We mainly provide standardized robots, which we price on the basis above. Our robots are also customizable to meet specific functional and performance requirements. Customization typically covers mechanical and system design parameters, including weight, dimensions, degrees of freedom, motion speed, slope-climbing capability, payload capacity, endurance and noise level, as well as battery specifications, environmental protection requirements and other performance indicators. For customized robot orders, we consider (i) the scope and complexity of customization, (ii) the engineering and testing resources required, (iii) the development timeline and intellectual property arrangements, and (iv) number of robots ordered.

Marketing

We acquire new customers by participating in the product development processes of robot providers. We establish cooperation mechanisms that integrate our technologies and robotic design concepts into customers' development frameworks to align our offerings with specific technical and application requirements, and enhance the efficiency and effectiveness of new product development. We retain customers through engagement with customers throughout the product lifecycle.

Customer Services and Product Return

Products sold to customers cannot be returned except for instances of product design defects and quality issues. In 2023, 2024, 2025, and the six months ended June 30, 2026, the value of products returned accounted for 0.24%, 0.03%, 0.04% and 0.16% of our total revenue of respective periods during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we had not received any material product return, exchange, complaints or product liability claims from our customers. Since we received no material customer complaints or request for product exchange due to product quality and defects which were material to our business, we had not incurred any material warranty expense or made any provision for such warranty expense during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of (i) consumer robot providers, (ii) industrial and commercial robot providers, and (iii) embodied intelligence robot providers. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we had 215, 269, 288, 154 and 199 customers, respectively. In 2023, 2024 and 2025, the number of our customers increased by 57, 54 and 19, respectively. In the six months ended June 30, 2026, the number of our customers increased by 45 as compared with the six months ended June 30, 2025. In each year/period during the Track Record Period, revenue generated from our five largest customers amounted to RMB11.7 million, RMB66.5 million, RMB241.4 million, and RMB162.9 million, respectively, accounting for 67.0%, 83.4%, 85.7% and 81.3% of our total revenue in the same periods, respectively. In addition, revenues generated from our largest customer in each year/period during the Track Record Period accounted for 22.3%, 62.1%, 42.8% and 53.6% of our total revenues in the same periods, respectively. All of our five largest customers in each year/period during the Track Record Period were Independent Third Parties. According to Frost & Sullivan, given that the global robotic direct drive actuator module industry is in an early stage of penetration, similar to other upstream robotic component supply chain sectors such as micro-controller unit design, or analog chip companies, where suppliers at an early commercialization stage typically rely on a small number of anchor customers, it is an industry norm for robotic technology companies to maintain a concentrated customer base in order to secure stable order volumes and establish deep technical collaboration with long-term customers.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period. Revenue contributions from our five largest customers in each year/period during the Track Record Period generally increased in 2023 to 2025, then remained stable at a high level in the six months ended June 30, 2026, primarily due to (i) our rapid revenue growth driven by accelerating market adoption of robotic direct drive actuator modules; (ii) the scaling of orders from existing major customers as they ramped up production volumes and integrated our modules across product lines; and (iii) the deepening of our commercial relationships with leading robot providers, who increased procurement as our technology and production capabilities demonstrated reliability at scale. While we typically do not maintain long-term agreements equal to or above three years with our major customers, we have been included in the authorized supplier system of several of our major customers. We believe that our business relationships with such major customers are well-established and that our commitment to providing advanced, high-quality and reliable products will enable us to attract new customers and diversify our customer base. The following table sets forth the details of our five largest customers in each year during the Track Record Period.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the year ended December 31, 2023							
1	Customer A[(1)]	3,909	22.3	Robotic direct drive actuator module	Wire transfer	30 days	2021
2	Customer B[(2)]	3,613	20.6	Robotic direct drive actuator module	Wire transfer	90 days	2021
3	Customer C[(3)]	3,026	17.3	Robotic direct drive actuator module	Wire transfer	30 days	2022
4	Customer D[(4)]	703	4.0	Robotic direct drive actuator module	Wire transfer	30 days	2022
5	Customer E[(5)]	492	2.8	Robotic direct drive actuator module	Wire transfer	30 days	2022
		11,743	**67.0**				

Notes:

(1) Customer A is a private company headquartered in Shenzhen, China, and primarily engaged in the development, manufacture and sales of cleaning robots. Its registered capital amounted to RMB1.9 million.

(2) Customer B is a public company headquartered in Suzhou, China, and primarily engaged in the research, development, manufacture and sales of service robots and smart home appliances. It is listed on the Shanghai Stock Exchange. Its registered capital amounted to RMB0.6 billion.

(3) Customer C is a private company headquartered in Suzhou, China, and primarily engaged in the research, development, manufacture and sales of smart home appliances and consumer robots. Its registered capital amounted to RMB0.3 billion.

(4) Customer D is a private company headquartered in Shanghai, China, and primarily engaged in the research, development, manufacture and sales of commercial cleaning robots. Its registered capital amounted to RMB40.0 million.

(5) Customer E is a public company headquartered in Shenzhen, China, and primarily engaged in the research, development, manufacture and sales of collaborative robots and related automation solutions. It is listed on the Hong Kong Stock Exchange. Its registered capital amounted to RMB0.4 billion.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the year ended December 31, 2024							
1	Customer C	49,544	62.1	Robotic direct drive actuator module	Wire transfer	30 days	2022
2	Customer F[(1)]	10,707	13.4	Robotic direct drive actuator module	Wire transfer	60 days	2024
3	Customer G[(2)]	3,396	4.3	Robotic direct drive actuator module	Wire transfer	60 days	2022
4	Customer H[(3)]	1,568	2.0	Embodied joint module	Wire transfer	30 days	2023
5	Customer B	1,249	1.6	Robotic direct drive actuator module	Wire transfer	90 days	2021
		66,464	**83.4**				

Notes:

(1) Customer F is a private company headquartered in Dongguan, China, and primarily engaged in the research, development, manufacture and sales of smart home appliances and cleaning robots. Its registered capital amounted to RMB20.0 million.

(2) Customer G is a private company headquartered in Chengdu, China, and primarily engaged in the research, development, manufacture and sales of cleaning robots. Its registered capital amounted to RMB7.3 million.

(3) Customer H is a private company headquartered in Shanghai, China, and primarily engaged in the research, development, manufacture and sales of embodied intelligence robots and general-purpose humanoid robots. Its registered capital amounted to RMB91.3 million.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/service s purchased	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the year ended December 31, 2025							
1	Customer C	120,466	42.8	Robotic direct drive actuator module	Wire transfer or accepted bills	60 days	2022
2	Customer F	66,026	23.4	Robotic direct drive actuator module	Wire transfer	60 days	2024
3	Customer I[(1)]	29,208	10.4	Robotic direct drive actuator module	Wire transfer	60 days	2025
4	Customer J[(2)]	17,401	6.2	Robotic direct drive actuator module	Wire transfer or accepted bills	60 days	2024
5	Customer K[(3)]	8,293	2.9	Robotic direct drive actuator module	Wire transfer	60 days	2025
		241,394	**85.7**				

Notes:

(1) Customer I is a private company headquartered in Suzhou, China, and primarily engaged in the design, development, manufacture and sales of cleaning robots. Its registered capital amounted to RMB10.0 million.

(2) Customer J is a private company headquartered in Suzhou, China, and primarily engaged in the research, development, manufacture and sales of smart home appliances and cleaning robots. Its registered capital amounted to RMB19.6 million.

(3) Customer K is a public company headquartered in Foshan, China, and primarily engaged in the research, development, manufacture and sales of smart home appliances and industrial technology solutions. It is listed on the Shenzhen Stock Exchange and Hong Kong Stock Exchange. Its registered capital amounted to RMB7.5 billion.

Rank	Customer	Sales Amount	Percentage of total revenue	Type of product/services purchased	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the six months ended June 30, 2026							
1	Customer C	107,312	53.6	Robotic direct drive actuator module	Wire transfer or accepted bills	60 days	2022
2	Customer L[(1)]	26,261	13.1	Robotic direct drive actuator module	Wire transfer	60 days	2025
3	Customer F	11,808	5.9	Robotic direct drive actuator module	Wire transfer	60 days	2024
4	Customer I	8,891	4.4	Robotic direct drive actuator module	Wire transfer	90 days	2025
5	Customer M[(2)]	8,673	4.3	Robot	Wire transfer	90 days	2026
		162,945	**81.3**				

Notes:

(1) Customer L is a public company headquartered in Beijing, China, and primarily engaged in the research, development, manufacture and sales of intelligent cleaning robots and other smart appliances. It is listed on the Shanghai Stock Exchange. Its registered capital amounted to RMB0.3 billion.

(2) Customer M is a private company headquartered in Shanghai, China, and primarily engaged in the research, development, manufacture and sales of humanoid and intelligent robots. Its registered capital amounted to RMB15.4 million.

RELATIONSHIP WITH CUSTOMER C

Reasons for Cooperation with Customer C

According to Frost & Sullivan, Customer C is among the top ten consumer robot providers globally in terms of revenue in 2025. According to Frost & Sullivan, the global consumer robot market is driven by increasing consumer adoption, with leading consumer robot providers scaling production and integrating advanced actuator technologies. As direct drive actuator modules gain traction as a preferred technology pathway, leading providers such as Customer C represent the most immediate and commercially significant customer segment for direct drive actuator module suppliers. The relatively high revenue contribution from Customer C during the Track Record Period was primarily due to (i) Customer C being one of the early adopters of our direct drive actuator modules in the consumer robot sector and gradually increased purchases in line with its sales expansion, and (ii) our ability to meet Customer C's technical and performance requirements for actuator modules used in its consumer robots. Accordingly, we consider that the reliance on Customer C primarily reflects the stage of our product commercialization and Customer C's increased demands, rather than structural dependence on a single customer.

Our Directors are of the view that increased sales to Customer C reflect its genuine demand, and such transactions were conducted on normal commercial terms, considering that (i) our return policy only permits returns in the event of product defects, removing any incentive for Customer C to place orders in excess of its actual production requirements; and (ii) given the rapid product iteration cycle in the consumer robot industry, Customer C has no commercial incentive to stockpile actuator modules beyond its near-term production needs. Based on the due diligence work conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would reasonably cause it to disagree with the Directors' view mentioned above.

Mutually Beneficial Relationship with Customer C

We have maintained a stable and deepening business relationship with Customer C since 2022. Our Directors consider that the interests of our Group and Customer C are aligned and mutually reinforcing. We collaborated with Customer C at an early stage of product development, engaging in joint technical specification design and product validation of Customer C's consumer robots prior to commercial launch for greater efficiency and reliability. Through joint technical specification design, we worked with Customer C to define the performance parameters, mechanical interface specifications, and integration requirements of our robotic direct drive actuator modules to be incorporated into Customer C's consumer robot products. Our expertise to conduct product validation derives from our understanding of actuator module performance characteristics — including torque output, thermal management, and motion control — which are critical to the performance of Customer C's robots. While we primarily provide standardized products, our technical team works with customers during the validation phase to align our modules' performance within the specific integration and performance thresholds required by each robot provider's end product configuration. Our cooperation with Customer C provides stable and recurring order volumes, supports capacity planning, and enables us to refine our product technology. To Customer C, our direct drive actuator module technology supports its product performance objectives to differentiate its consumer robot offerings.

Stability of Relationship with Customer C and Likelihood of Termination

We believe our relationship with Customer C will not materially and adversely change or terminate in the foreseeable future, considering that (i) our technology roadmap is aligned with that of Customer C and our revenue from Customer C has grown steadily during the Track Record Period; (ii) we complied with the terms of our agreements with Customer C in all material respects, and there has been no material breach, dispute, or termination of agreements during the Track Record Period and up to the Latest Practicable Date; (iii) we maintain transparent and regular communication with Customer C.

Measures to Mitigate Reliance and Diversify Customer Base

Our Directors are of the view that in the unlikely event our relationship with Customer C materially adversely changes or terminates, such change would not have a material adverse impact on our Group's business and we would be able to cooperate with other consumer robot providers at similar terms within a reasonable period of time, considering that: (i) we have established and are actively developing business relationships with other leading robot providers during the Track Record Period; (ii) during the Track Record Period, while revenue from Customer C increased continually, revenue from Customer C as a percentage of our total revenue decreased from 62.1% in 2024 to 42.8% in 2025, before increasing to 53.6% in the six months ended June 30, 2026; (iii) the PRC direct drive actuator module market is expected to grow from RMB1.9 billion in 2025 to RMB12.9 billion in 2030, broadening the base of potential customers; and (iv) our direct drive actuator module technology and mass production capabilities are transferable across customer engagements. We expect Customer C's contribution as a percentage of our total revenue to continue to decrease as we expand our customer base.

Measures to Mitigate Reliance on Customer C and Diversify Customer Base

We have implemented the following measures to mitigate our reliance on Customer C: (i) developing relationships with other leading robot providers during the Track Record Period, as evidenced by the reduced revenue contribution from Customer C during the Track Record Period from 62.1% in 2024 to 42.8% in 2025, and from 57.6% in the six months ended June 30, 2025 to 53.6% during the same period in 2026; (ii) expanding our product portfolio to broaden market coverage, increase penetration across customer segments, as evidenced by the growth of our customer base from 215 in 2023 to 269 in 2024 and further to 288 in 2025, and from 154 in the six months ended June 30, 2025 to 199 during the same period in 2026; (iii) the expansion of our robot product line customer base, which supports our dual revenue stream strategy and further reduces our overall reliance on any single customer; (iv) setting up operational planning and risk management mechanisms, including coordination with our customers on purchase forecast and delivery arrangements; (v) participating in industry forums and engaging with new robot providers; and (vi) allocating business development resources on customer acquisition and expansion.

OUR SUPPLY CHAIN

Raw Materials

We procure a range of raw materials, primarily including (i) enameled copper wire, (ii) iron core, (iii) magnet, and (iv) other materials such as sealing rings, PCBAs, packaging materials, electronic components and machined parts. We formulate our procurement plans based on production schedules, customer demand forecasts, and product development timelines. For robotic actuator modules, we procure copper wire, magnets, silicon steel, and insulation materials, while for robots, we source structural components, embedded chips, and control boards. We maintain safety stock ranges for key materials and apply procurement protocols based on material specificity and lead time sensitivity. We monitor market conditions and adjust procurement strategies to manage cost fluctuations and supply continuity. For high-value materials such as electronic components, enamel wires and magnets, we negotiate pricing terms and delivery schedules with suppliers based on anticipated demand and production milestones. We maintain relationships with suppliers to enhance raw material supply stability and reduce price fluctuation impact on our production costs. During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues or shortages with our procurement, or material fluctuations of raw material prices 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.

Our Suppliers

During the Track Record Period, our suppliers primarily included (i) suppliers of raw materials, and (ii) suppliers of manufacturing equipment.

Supplier Selection and Management

We consider factors including production capacity, industry experience, historical performance, and alignment with our quality and compliance standards. New suppliers are required to complete registration in supplier management system, submit qualification documentation, and undergo multi-departmental review. For suppliers handling regulated materials, we require relevant safety certifications and compliance undertakings. We conduct performance evaluations to ensure consistent delivery, cost-effectiveness, and adherence to environmental and safety standards. Evaluation criteria include on-time delivery, product quality, and responsiveness to technical and commercial requirements. Based on performance outcomes, we classify suppliers into tiers and apply corresponding measures, including continued engagement, improvement plans, or elimination. We maintain a pool of alternative suppliers for key materials to safeguard against supply disruptions and support long-term supply chain resilience. We generally enter into framework agreements with our suppliers, which set forth the general terms and conditions of purchase. Set forth below are salient terms of our framework agreements:

Term and termination. We generally enter into framework agreements with our suppliers with a term of one year, which may be terminated by our suppliers or us upon prior written notice. If neither party issues written notice of termination at least three months prior to the expiration of the then-current term, the agreement will automatically renew for an additional one-year term.

Product specification and pricing and payment. We specify the product specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers. We generally provide for payments based on mutually agreed prices specified in the purchase order.

Logistics, risk transfer and product warranty and return. Our suppliers are typically responsible for the delivery of products to our specified locations in the purchase order. Risk transfers to us once we complete inspection and acknowledge receipt. Suppliers shall indemnify us for all losses, damages or liabilities resulting from any quality defects discovered in use that are confirmed to originate from the suppliers. We are entitled to reject, replace, or return any products that do not meet the quantity, quality, or specifications stipulated in the purchase order. We are typically granted a warranty period of one year.

Confidentiality. Typically, we require suppliers to keep the details of the agreements confidential.

Our Major Suppliers

In each year/period during the Track Record Period, purchases from our five largest suppliers were RMB9.8 million, RMB26.5 million, RMB79.1 million, and RMB74.4 million, representing 35.8%, 36.4%, 40.1%, and 38.4% of our total purchases, respectively. Purchases from our five largest suppliers as a percentage of our total purchases increased from 2023 to 2025 and slightly decreased in the six months ended June 30, 2026, primarily due to the overall expansion of our production scale in line with revenue growth, which drove higher procurement volumes across key raw materials and components. In addition, purchases from our largest supplier accounted for 14.0%, 9.6%, 10.6%, and 11.3% of our total purchases in each year/period during the Track Record Period, respectively. All of our five largest suppliers in each year/period during the Track Record Period were Independent Third Parties. None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers in each year/period during the Track Record Period and up to the Latest Practicable Date. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth the details of our five largest suppliers in each year/period during the Track Record Period:

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the year ended December 31, 2023							
1	Supplier A[(1)]	3,834	14.0	Iron core	Wire transfer	30 days	2021
2	Supplier B[(2)]	2,406	8.8	Machined parts	Wire transfer	30 days	2020
3	Supplier C[(3)]	1,578	5.8	Electronic components	Wire transfer	90 days	2021
4	Supplier D[(4)]	998	3.6	Enameled copper wire	Wire transfer	30 days	2020
5	Supplier E[(5)]	988	3.6	Magnets	Wire transfer	60 days	2021
		9,804	**35.8**				

Notes:

(1) Supplier A is a private company headquartered in Changzhou, China, and primarily engaged in the research, development, manufacture and sales of motor core products and hardware components. Its registered capital amounted to RMB0.1 million.

(2) Supplier B is a private company headquartered in Dongguan, China, and primarily engaged in the research, development, manufacture and sales of precision mechanical components and non-standard automation equipment parts. Its registered capital amounted to RMB2.0 million.

(3) Supplier C is a private company headquartered in Dongguan, China, and primarily engaged in the research, development, manufacture and sales of electronic components and PCBA products. Its registered capital amounted to RMB5.0 million.

(4) Supplier D is a private company headquartered in Dongguan, China, and primarily engaged in the research, development, manufacture and sales of electronic components and energy-saving products. Its registered capital amounted to RMB5.0 million.

(5) Supplier E is a private company headquartered in Dongguan, China, and primarily engaged in the research, development and sales of permanent magnetic materials and components. Its registered capital amounted to RMB8.0 million.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	%				
For the year ended December 31, 2024							
1	Supplier C	6,944	9.6	Electronic components	Wire transfer	90 days	2021
2	Supplier F[(1)]	5,694	7.8	Electronic components	Wire transfer	60 days	2020
3	Supplier E	5,232	7.2	Magnets	Wire transfer	60 days	2021
4	Supplier D	4,332	6.0	Enameled copper wire	Wire transfer	30 days	2020
5	Supplier G[(2)]	4,285	5.8	Iron core	Wire transfer	90 days	2022
		26,487	**36.4**				

Notes:

(1) Supplier F is a private company headquartered in Shenzhen, China, and primarily engaged in semiconductor distribution and set-top box supporting services. Its registered capital amounted to RMB5.0 million.

(2) Supplier G is a private company headquartered in Huizhou, China, and primarily engaged in the research, development, manufacture and sales of motor core products and hardware components. Its registered capital amounted to RMB5.0 million.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	%				
For the year ended December 31, 2025							
1	Supplier H[(1)]	20,845	10.6	Enameled copper wire	Wire transfer	60 days	2024
2	Supplier I[(2)]	17,158	8.7	Magnets	Wire transfer	90 days	2020
3	Supplier C	14,588	7.4	Electronic components	Wire transfer	90 days	2021
4	Supplier G	13,860	7.0	Iron core	Wire transfer	90 days	2022
5	Supplier F	12,618	6.4	Electronic components	Wire transfer	90 days	2020
		79,069	**40.1**				

Notes:

(1) Supplier H is a public company headquartered in Huzhou, China, and primarily engaged in the research, development, manufacture and sales of electromagnetic wires, micro-special motors and linear drive systems. It is listed on National Equities Exchange and Quotations. Its registered capital amounted to RMB56.6 million.

(2) Supplier I is a public company headquartered in Dongguan, China, and primarily engaged in the R&D, production, sale, and technical services of motor magnets and electro-acoustic products. It is listed on National Equities Exchange and Quotations. Its registered capital amounted to RMB63.3 million.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/services provided	Payment method	Credit terms	Year of commencement of business relationship
		(RMB'000)	*(%)*				
For the six months ended June 30, 2026							
1	Supplier I	21,830	11.3%	Magnets	Wire transfer	90 days	2020
2	Supplier H	21,711	11.2%	Enameled copper wire	Wire transfer	60 days	2024
3	Supplier J[(1)]	12,864	6.6%	Electronic components	Wire transfer	90 days	2024
4	Supplier C	9,143	4.7%	Electronic components	Wire transfer	90 days	2021
5	Supplier K[(2)]	8,842	4.6%	Magnets	Wire transfer	90 days	2025
		74,390	**38.4%**				

Notes:

(1) Supplier J is a private company headquartered in Shenzhen, China, and primarily engaged in the research, development, manufacture and sales of software and electronic products. Its registered capital amounted to RMB5.0 million.

(2) Supplier K is the Shenzhen branch of a private company headquartered in Ningbo, China, which is primarily engaged in the production, processing, research and development and sales of magnetic materials with a registered capital of RMB5.0 million.

LOGISTICS AND WAREHOUSING

We primarily engage certified third-party logistics providers to deliver our products. Our production base located in Dongguan serves as the storage sites for our completed products and inventories. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our logistics service providers are independent third parties. We implement inventory monitoring and report relevant metrics to management. Our inventories primarily consist of (i) raw materials, (ii) work in progress, (iii) finished goods, and (iv) goods in transit. As of December 31, 2023, 2024, 2025, and June 30, 2026, our inventories amounted to RMB13.8 million, RMB26.2 million, RMB32.1 million and RMB82.6 million. For further details, see "Financial Information — Selected Balance Sheet Items — Current Assets/Liabilities — Inventories."

INFORMATION TECHNOLOGY SYSTEM

Our core information technology systems include: (i) **ERP**: an integrated system that provides standardized financial process and integrated financial resources; and (ii) **PLM**: a comprehensive system that tracks the entire lifecycle of products from research, design to market sales. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material IT system failure or downtime that had a material adverse effect on our business operations and financial performance. For further details on potential regulatory risks associated with data security and privacy, see "Risk Factors — Risks Relating to Our General Operations and Industry — Our information technology and software systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches."

INFORMATION SECURITY AND DATA PRIVACY

We adhere to evolving data security and privacy laws and regulations, ensuring that our business and transaction data is managed to standards aligned with market practice.

Data Collection, Usage and Transfer

In the ordinary course of business, we collect, manage, and utilize operational and transactional data related to our customers, suppliers, and internal manufacturing activities. Such data includes procurement records, production metrics, inventory statistics, and other business-related information necessary for supply chain coordination and operational execution. We collect and process personal information, primarily including names, email addresses and business contact details, of our employees, candidate employees and contact persons of our business partners. We do not store personally identifiable or sensitive consumer data. All data generated and collected in PRC is retained locally at the originating entity in PRC, which maintains ownership and control over the data, and there was no cross-border transfer or transmission of such data. During the Track Record Period and up to the Latest Practicable Date, except for limited business contact information of overseas customer collected in the ordinary course of business such as in business trip, we do not collect any data overseas. We do not share, transfer or otherwise disclose data collected by us to any third party without prior explicit consent, unless mandated by a court or administrative order. We do not engage in cross-border data transmission. During the Track Record Period and up to the Latest Practicable Date, we did not experience any incidents of material data leakage, breaches or losses and/or unauthorized use of data. Accordingly, our PRC Data Compliance Advisor, Hankun Data, is of the view that our Group is in compliance with the applicable laws and regulations in respect of data security and privacy in China in all material aspects.

Measures Safeguarding Information Security

During the Track Record Period, we implemented a structured framework of internal controls and technical safeguards to ensure the integrity and security of our information systems. These measures include: (i) **network infrastructure protection**: we maintain a layered defense architecture incorporating firewalls, intrusion detection systems, endpoint protection software, and network redundancy protocols; we conduct periodic vulnerability assessments and penetration tests to proactively identify and address potential risks; (ii) **data access and encryption controls**: we apply encryption standards to secure data transmission and storage; access to operational systems and sensitive data is restricted to authorized personnel, managed through centralized role-based permissions; regular backups are performed to ensure data recoverability; (iii) **audit and resilience testing**: our IT systems undergo scheduled audits and resilience evaluations, including simulated breach scenarios and recovery drills; identified vulnerabilities are remediated through targeted system updates and procedural enhancements; and (iv) **business continuity planning**: we maintain a disaster recovery and continuity framework designed to minimize disruption in the event of system failure or external incident. We have implemented data security management policies to align the data protection practices of our third-party partners with our standards, including (i) conducting security due diligence and personal information protection impact assessments before or during cooperation; (ii) requiring internal approval before providing personal data to third parties and informing the personal information subject of the recipient's identity, contact information, processing purpose, processing method, and type of personal data; and (iii) requiring third parties to delete all relevant data and materials upon completion of processing in accordance with our instructions.

IMPACTS OF U.S. TRADE- AND INVESTMENT-RELATED LAWS AND REGULATIONS

Export Control Regulations

The export, re-export, and in-country transfer of U.S.-origin items is controlled primarily through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security (the "**BIS**") of the U.S. Department of Commerce, which controls items based on their export control classification code, destination, end-use, and end-user, and applies to items manufactured outside the U.S. if they incorporate more than a de minimis amount of U.S.-controlled content or fall under the EAR's foreign direct product rules. In terms of impact of U.S. export control law, our Directors are of the view, based on the legal advice of our legal adviser as to U.S. export control laws and taking into account its view, that the impact of the current U.S. export control laws on our business is generally limited, as our products (i) are not of U.S. origin or located in the U.S., (ii) do not transit through or pass via the U.S., (iii) do not incorporate U.S.-origin items that would trigger EAR jurisdiction under the *de minimis* rule, (iv) are not the direct products of U.S.-origin "technology" or "software," or (v) are not produced using any complete plant or major component that is itself a direct product of such controlled U.S. technology or software. In addition, during the Track Record Period, certain of our customers ("**Relevant BIS Customers**") and one of our suppliers ("**Relevant BIS Supplier**") had been added to certain restriction lists including the Entity List. During the Track Record Period, our sales to the Relevant BIS Customers amounted to RMB0.1 million, RMB0.1 million, nil, and RMB0.3 million, accounting for 0.6%, 0.2%, nil and 0.1% of our total revenue in the same periods, respectively. Our Directors are of the view, based on the legal advice of our legal adviser as to U.S. export control laws and taking into account its view, that our exposure under U.S. export control laws arising from transactions with these entities is limited and manageable, considering that (i) in terms of our sales to Relevant BIS Customers, as our products are not subject to the EAR, our supply of such products does not require BIS export licenses; and (ii) in terms of purchase from Relevant BIS Supplier, (a) the transaction amount was lower than RMB500 during the Track Record Period, and (b) the purchased raw material did not involve any items subject to the EAR.

Final Rule by the U.S. Department of the Treasury

For details of the Final Rule, see "Regulatory Overview - Final Rule by the U.S. Department of the Treasury." In terms of the impact of the Final Rule, based on the legal advice of our legal advisor as to U.S. Foreign investment law, our Directors are of the view that (i) as we design and develop robotics technology to support reinforced motion control and decision making for robots, with the aim of expanding their overall mobility and operational versatility, enabling the broad adoption of robots across diverse industries, we are a "Covered Foreign Person" within the artificial intelligence sector for development of artificial intelligence systems intended to be used for the control of robotics systems; (ii) our business activities do not fall within the scope of other relevant sectors under the Final Rule, including semiconductors and microelectronics, or quantum information technologies, as we are not engaged in (a) the development or production of electronic design automation software; (b) the design, fabrication, or packaging of integrated circuits; (c) the development or production of semiconductor fabrication or packaging equipment; (d) the development, installation, sale, or production of supercomputers; (e) the development of quantum computers or the production of critical components thereof; or (f) the development or production of quantum sensing platforms, quantum networking systems, or quantum communication systems; (iii) investments by U.S. persons in us do not constitute "prohibited transactions" under the Final Rule, as we are not engaged in any covered activities that fall within the definition of "prohibited transactions" under the Final Rule; specifically, the robotics technology we design and develop is neither intended for military, government intelligence, or mass-surveillance purposes, nor trained using exceptionally large amounts of computing power above the specified thresholds, and therefore does not meet the definition of "prohibited transactions" under the Final Rule.

Based on the legal advice of our legal advisor as to U.S. Foreign investment law, our Directors are of the view that we engaged in covered activities, and an investment by a U.S. person in us may constitute a "notifiable transaction" under the Final Rule. Accordingly, U.S. persons would be required to submit timely notifications to the U.S. regulator about the transaction if they participate in the **[REDACTED]** prior to the **[REDACTED]**; Nevertheless, U.S. persons will be exempted from the notification requirements once our shares are **[REDACTED]** and become publicly **[REDACTED]** upon the completion of the **[REDACTED]**, because the Final Rule provides an exception that allows U.S. persons to invest in publicly traded securities, so long as the investment made does not afford U.S. persons rights beyond standard minority shareholder protections under the Final Rule. Based on the Department of Treasury's Final Rule-related Frequently Asked Questions updated on December 23, 2025, absent additional facts, when a U.S. person acquires an equity interest in a Covered Foreign Person, and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security," regardless of when an agreement is entered into. Our Directors are of the view, based on the legal advice of our legal advisor as to U.S. foreign investment law, that the Final Rule will not have a material adverse impact on our Company's business operations, financial performance, the **[REDACTED]** or our investment prospects.

Tariff Regulations

We are closely monitoring the U.S. and China's trade policies or actions on tariffs. In early 2025, the U.S. government initiated a series of tariffs and trade policies primarily targeting China. As a result, during the Track Record Period, the additional tariffs imposed by the U.S. on imports from China peaked at 145%, while the additional tariffs imposed by China on U.S. imports peaked at 140%. On February 20, 2026, the U.S. Supreme Court issued its opinion invalidating the reciprocal tariffs and Fentanyl-related tariffs. Following such decision, the U.S. government announced alternative tariff measures, including a new 10% tariff imposed pursuant to the Trade Act of 1974. However, on May 7, 2026, the U.S. Court of International Trade ("**USITC**") held that the new 10% tariff is unlawful, though such ruling is not final and may be subject to appeal. On July 23, 2026, the U.S. government imposed a 12.5% tariff on products of China pursuant to Section 301 of the Trade Act of 1974, which became effective on July 24, 2026. It remains uncertain whether the U.S. will maintain, reduce, suspend or further increase tariffs on Chinese products, or introduce additional trade restrictions or measures through other mechanisms.

Our Directors are of the view, based on the advice of our legal adviser as to U.S. Tariffs, that our Group's business is not materially affected by recent U.S.-China tariff measures, considering that (i) during the Track Record Period, we generated only a minimal portion of our revenue from overseas sales, with overseas sales amounting to RMB1.2 million, RMB0.03 million, RMB1.8 million, and RMB3.3 million, accounting for only 6.8%, 0.04%, 0.6% and 1.6% of our total revenue in 2023, 2024, 2025, and the six months ended June 30, 2026, respectively; and (ii) during the Track Record Period, we generated minimal revenue from U.S., amounting to RMB0.5 million, nil, nil and RMB0.03 million in 2023, 2024, 2025, and the six months ended June 30, 2026, respectively, and we do not anticipate any material increase in revenue contribution from U.S. exports going forward in line with our business expansion plan; (iii) although certain customers of us may independently sell products incorporating our products to the U.S. based on their commercial arrangements, any tariffs imposed on customers' exports to the U.S. would be borne by the customers, as our agreements do not provide for tariff pass-through or retrospective price adjustment mechanisms linked to customers' downstream export activities; and (iv) during the Track Record Period and up to the Latest Practicable Date, we did not receive customer requests for price reductions, compensation or order cancellations as a result of U.S. tariff policies, including both U.S. and non-U.S. customers. In addition, our Directors are of the view that, the PRC retaliatory tariffs on U.S. goods have not had, and would not have any material impact on our Group, considering that: (i) we procured a minimal amount of raw materials from the U.S., accounting for less than 1.0% of our total purchases during the Track Record Period, and (ii) we have proactively identified alternative suppliers and substitute raw materials from non-U.S. supply sources.

In terms of the recent military conflict in Middle East, our Directors are of the view that, such tension, including knock-on impacts such as rising costs of raw materials and energy, is not expected to have a material impact on our cost structure or business operations, considering that (i) we procure substantially all of our raw materials from domestic suppliers in China, and (ii) our procurement costs are not materially linked to energy prices or commodity indices driven by Middle East supply dynamics.

COMPETITION

According to Frost & Sullivan, the global robot industry, especially the consumer robot segment, is expected to continue rapid growth. The consumer robotic actuator module industry, the consumer robotic direct drive actuator module and wheel-legged robot industries are characterized by significant barriers to entry, including core technological capabilities, deep scenario adaptation and ecosystem synergy capability. These industries are technology intensive, competitive and concentrated.

We operate in (i) the PRC consumer robotic actuator module industry, a sub-segment representing 26.3% of the overall PRC robotic actuator module market; and (ii) the PRC wheel-legged and dual-wheel-legged robot industries, small sub-segments of the overall PRC robotic market, respectively. In 2025, within the PRC robotic actuator module industry and the PRC consumer robotic actuator module industry, there are over 200 and 100 active participants, and by revenue, the top 10 providers accounted for a market share of 58.9% in the PRC robotic actuator module industry and 47.1% in the PRC consumer robotic actuator module industry. By revenue, our Group (i) accounted for a market share of 0.7% in the PRC robotic actuator module industry, and (ii) ranked eighth in the PRC consumer robotic actuator module industry with a market share of 2.4%. Within the consumer robotic actuator module market, direct drive technology has accelerated its penetration as manufacturers increasingly adopt direct drive technologies. In 2025, within the PRC consumer robotic direct drive actuator module industry, there are approximately 20 active participants, and by revenue, the top five providers accounted for a combined market share of 76.7%. By revenue, our Group ranked first with a market share of 61.1% in the PRC consumer robotic direct drive actuator module industry.

In 2025, within global wheel-legged robot industry and PRC wheel-legged robot industry, there are approximately 15 and 10 active participants. In 2025, by revenue, the top eight global wheel-legged robot providers accounted for a total market share of 82.2% in the global wheel-legged robot industry, while the top five wheel-legged robot providers in China accounted for a market share of 80.6% in the PRC wheel-legged robot industry. With a revenue of RMB7.3 million from wheel-legged robot in 2025, our Group ranked (i) sixth in the global wheel-legged robot industry with a market share of 3.3%, and (ii) fourth in the PRC wheel-legged robot industry with a market share of 4.7%.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG")

We recognize that robust ESG practices serve as a vital cornerstone for corporate sustainable development and long-term value creation. Responsible ESG governance not only contributes to the achievement of our mission and strategic goals but also strengthens business resilience, safeguards our reputation, and delivers sustainable value to all stakeholders. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we had not been subject to any material claim or penalty or accident in relation to health, work safety, social and environmental protection, and we had been in compliance with the relevant PRC laws and regulations in all material aspects.

ESG Governance: We established an ESG governance framework aligned with our strategy, with our Board acting as the highest governance body. Under our Board, the Audit Committee is responsible for overseeing ESG matters. The Board of Directors, as the highest governing body for ESG matters, comprises members with extensive experience and professional expertise in areas such as risk management and sustainability policy. Among them, Director Huang Min served as the Board Secretary and Investor Relations Director at Wonewu Space Technology Service Co., Ltd., where he was responsible for managing the company's ESG-related matters, possessing relevant professional experience. Members of the Board of Directors also regularly undergo external professional training on ESG topics. Its responsibilities in ESG management are clearly defined in the Terms of Reference of the Audit Committee of the Board (《董事會審計委員會工作細則》), which include, but are not limited to reviewing our ESG strategies, goals, policies, and key issues; overseeing the process of identifying, assessing, and managing material ESG-related risks and opportunities and other matters. The Audit Committee holds formal meetings at least semiannually to conduct dedicated reviews of ESG matters and may convene ad hoc meetings as necessary. Management regularly consolidates key ESG data, risks, and progress, compiling reports for the Audit Committee's review. Significant ESG issues, progress against targets, and the draft annual report, after being reviewed and approved by the Audit Committee, are submitted to the Board of Directors for approval.

Board Diversity: When selecting and appointing our Board members and forming our Board, we focus on and comprehensively consider factors, including gender, ethnicity, age, professional experience, educational background, and industry knowledge. Currently, our Board consists of nine Directors, including one female Director.

Anti-Corruption and Anti-Bribery: We comply with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and other laws and regulations. We have formulated anti-corruption and anti-bribery policies, including the Sunshine Policy (《陽光制度》). We adopt a zero-tolerance attitude toward any form of corruption, bribery, and misconduct.

Upon joining us, all employees are required to sign an Anti-corruption Commitment Letter. Meanwhile, we promote a culture of integrity and provide training and education to employees in relevant areas through quarterly compliance training sessions on anti-corruption and business ethics. In our engagements with suppliers, agents, and other business partners, all procurement agreements incorporate anti-corruption clauses to communicate the Company's integrity and compliance requirements. To promote the implementation of compliance requirements and to encourage oversight, we have established a feedback email for employees and external parties, and have put in place a reporting and investigation mechanism to encourage relevant parties to report any suspected violations. Meanwhile, we protect the information of whistleblowers through various measures. A dedicated officer manages the whistleblowing mailbox to prevent information leakage and retaliation. During the Track Record Period and up to the Latest Practicable Date, we did not experience material incidents of violation of laws and regulations related to anti-corruption and anti-bribery.

ESG Materiality Assessment

ESG Material Risk Assessment Mechanism: To align our operational practices with long-term value creation and strategic objectives, we have identified ESG risks that may adversely affect our business, results of operations, and financial performance, and have collected, analyzed, prioritized, and summarized key concerns of stakeholders to assess the materiality of various ESG risks and effectively manage material ESG risks of us.

ESG Material Risk Assessment and Response: Based on the nature of our business and future development direction, we have conducted targeted identification and assessment of environmental, social and governance-related risks through risk assessment procedures, and have adopted mitigation measures to address various risk issues and reduce potential risks. We have identified, assessed, and prioritized the following material ESG risk issues, along with their potential impacts and response measures:

The following table sets forth the identification and assessment of material risk issues:

Risk Issues	Potential Risk Impacts	Mitigation Measures
Environmental Compliance and Emissions Management	Environmental violations may result in penalties, litigation, costs, and reputational damage, thereby undermining competitiveness.	We have established an end-to-end environmental management system, which ensures compliance at source, controls risks, and improves efficiency through waste classification, emissions monitoring, and cleaner production processes.
Energy Management	Ineffective control of energy use will exacerbate the greenhouse effect and climate change risks, while also driving up operational costs amid the trend of energy transition.	We have assessed and set quantifiable management targets such as electricity intensity aligned with operational realities, to guide continuous improvement in energy efficiency.
Sustainable Supply Chain Management	If we neglect the control of environmental and social risks in the supply chain, the occurrence of major violations or disruptions in the supply chain will directly lead to shortages of raw materials and production stoppages.	We have established a full lifecycle management system for suppliers. We incorporate ESG considerations into the admission and management stages to review and assess suppliers.

ESG Risk Management

We have deeply integrated risk management into our corporate governance and strategic decision-making processes, and have established the internal policy document Comprehensive Risk Management Policy (Draft) (《全面風險管理制度（草案）》). Our risk management organizational structure comprises four clearly defined levels, which our Board and its specialized committees assume ultimate oversight responsibility for risk management. We have established management processes encompassing continuous risk identification, level assessment, dynamic monitoring, effective control and timely reporting. Meanwhile, we have established emergency handling and response mechanisms. During the Track Record Period and up to the Latest Practicable Date, our risk management system operated effectively. For further information, see "Risk Factors."

Environmental Matters

Environmental Compliance and Emissions Management: We are committed to complying with environmental protection laws and regulations, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and 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》), and we systematically conduct identification, assessment and control of environmental factors, and strive to improve resource utilization efficiency. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material environmental violations or non-compliance incidents, nor have we been subject to any administrative penalties for environmental non-compliance (with zero fines). Our business operation model does not involve significant resource consumption or emissions. At the same time, from a historical cost perspective, the direct expenditures related to environmental compliance account for an extremely small proportion of the company's total operating costs. Therefore, regarding future projected costs, we anticipate that environmental compliance costs will remain at a relatively low level. The primary expected expenditures will mainly be used to maintain existing compliance oversight, system maintenance, and routine training.

We comply with laws, regulations and standards, including the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China (《中華人民共和國大氣污染防治法》) and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), and systematically manage all types of emissions and waste generated during production and operations. We commit to ensuring that all pollutant and waste discharges comply with regulatory standards. Currently, our production processes do not involve large-scale emissions of exhaust gases, nor do they generate large amounts of solid or electronic waste. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material environmental violations in respect of pollutant emissions.

Climate Change Response and Greenhouse Gas Emissions Management: We have conducted systematic identification, assessment, and management of climate risks, and are gradually integrating them into our overall risk management system.

The table below sets forth our identification of climate change risks, analysis of potential impacts, and development of mitigation measures.

Risk Name	Risk Description	Potential Impacts	Mitigation Measures
Physical Risks			
Extreme weather such as rainstorms and typhoons	Extreme weather events triggered by climate change, such as typhoons, rainstorms, heatwaves, and cold waves.	During typhoon season, heavy rainfall and flooding may lead to temporary production shutdowns, equipment damage, and logistics disruptions, directly affecting product delivery and customer service. At the same time, extreme weather can impact on the supply chain, particularly the transportation and storage of key materials, thereby threatening production continuity and increasing operating costs.	We have established an emergency management system, clarifying responsibilities and procedures to respond to sudden events such as natural disasters. By setting up early warning mechanisms, developing response plans, and conducting regular drills, we maintain business continuity and protect the safety of personnel and assets.
Transition Risks			
Policy and Regulation Impacts	With the implementation of "carbon peaking and carbon neutrality" policies and relevant regulations, standards for information disclosure regarding clean energy usage, carbon emission data, ESG performance, and environmental management have significantly increased.	We need to improve data collection and disclosure mechanisms to meet compliance requirements. If we or our suppliers engage in environmental non-compliance, we may face administrative penalties or environmental liability risks, which could damage reputation and affect operational stability.	We plan to establish systematic management processes to progressively enhance the identification, collection, and accounting of ESG-related data, thereby laying the foundation for improved information disclosure quality and compliance standards.

Risk Name	Risk Description	Potential Impacts	Mitigation Measures
Technology Risks	Research and development of products or technologies may lag behind sustainable transition trends.	As customer demand for low-carbon and environmentally friendly products increases, our existing products and technologies need to be continuously upgraded to adapt to sustainable transition trends. If the progress of research and development falls behind, it may lead to a decline in product competitiveness, thereby affecting market share and customer loyalty.	We integrate environmental factors into product design and innovation, aiming to improve product energy efficiency, optimize material selection, and extend product life cycles. At the same time, we value communication with customers and other stakeholders to continuously understand and respond to evolving market and environmental requirements.

Greenhouse gas emissions: We support the carbon reduction strategies and relevant policy orientations of the jurisdictions where we operate, and closely monitor the relevant statutory targets set therein. Based on our business profile and sustainability planning, our business operations do not involve direct consumption of fossil fuels such as gasoline or diesel. We do not own any vehicles and do not have any consumption of fossil fuels such as diesel. Accordingly, we currently have no Scope 1 carbon emissions. Our greenhouse gas emissions are primarily attributable to Scope 2 and arise from purchased electricity consumed by our offices and production facilities. Therefore, our carbon reduction targets are aligned with our energy efficiency goals. Taking 2025 as the base year, we aim to reduce our Scope 1 and Scope 2 greenhouse gas emissions intensity by 5% by 2030. We plan to achieve these reductions through refined management and intelligent control systems. For further details, please refer to the Energy and Resource Management section. The table below sets forth in detail the historical data of greenhouse gas emissions related to our office and production facilities during the Track Record Period.

Indicator	Unit	Year ended December 31,			Six Months Ended June 30,
		2023	2024	2025	2026
Carbon dioxide emissions (Scope 1)	Tonnes of CO_2 equivalent	—	—	—	—
Carbon dioxide emissions (Scope 2)	Tonnes of CO_2 equivalent	88.9	162.9	921.7	758.7
Carbon dioxide emissions (Scope 3, Category 7 – Employee Commuting (Private Vehicle Use))(1)	Tonnes of CO_2 equivalent	0.1	0.2	0.5	0.3
Carbon dioxide emissions (Scope 1, 2 and 3)	Tonnes of CO_2 equivalent	89.0	163.1	922.2	759.0
Carbon dioxide emission intensity	Tonnes of CO_2 equivalent/RMB million of revenue	5.1	2.0	3.3	3.8

Note:

(1) At this stage, our Scope 3 emissions reporting only covers Category 7: greenhouse gas emissions from employee commuting via private vehicles. In the future, we will continue to improve our emissions accounting management system to include statistics and disclosure of carbon emissions from more modes of transportation and other relevant areas.

Energy and Resource Management: We comply with relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) to regulate energy usage. Currently, we have established the quantified energy consumption target of "taking the electricity consumption in 2025 as the benchmark and striving for a cumulative reduction of 5% in unit electricity consumption by 2030". We implement fine-grained management of lighting and electricity use in office and R&D facilities, using intelligent control systems to automatically turn off lighting in public areas, requiring employees to turn off personal screens and office lights after work, and assigning administrative staff to conduct regular inspections to ensure energy-saving measures are effectively implemented. As mentioned above, our business operations do not involve the direct consumption of fossil fuels such as gasoline or diesel, and we do not own any vehicles. Accordingly, our energy consumption is primarily derived from purchased electricity consumed at our offices and production facilities. The table below sets forth the details of our purchased electricity consumption and electricity intensity data for our offices and production facilities during the Track Record Period.

		Year ended December 31,			Six Months Ended June 30,
Indicator	Unit	2023	2024	2025	2026
Purchased electricity	kWh	165,590.8	303,481.7	1,717,590.0	1,413,830.4
Electricity intensity	kWh/RMB million of revenue	9,441.8	3,802.9	6,096.9	7,058.6

In view of the characteristics of our core production processes, our operations do not involve significant industrial water consumption. Our daily and production water supply primarily comes from the municipal water system, and we do not discharge wastewater. Taking 2025 as the base year, we aim to reduce our water consumption intensity by 5% by 2030 through continued enhancement of water use management and operational efficiency. We will continue to review our progress towards this target in light of our actual operating conditions and, where appropriate, adjust the target and related measures accordingly.

The table below sets forth our water consumption and water intensity data related to our office and production facilities during the Track Record Period.

		Year ended December 31,			Six Months Ended June 30,
Indicator	Unit	2023	2024	2025	2026(1)
Water consumption	Tonnes	191.0	347.0	782.0	3,415.0
Water consumption intensity	Tonnes/RMB million of revenue	10.9	4.4	2.8	17.0

Note:

(1) The significant increase in water consumption and water consumption intensity in the six months ended June 30, 2026 was primarily due to the ramp-up of our new production facilities, resulting in an increase during the period.

Social Matters: We have established a compliance and fairness system covering recruitment, promotion, and employee departure, prohibiting child labor and forced labor, and eliminating all forms of discrimination. We provide diverse training opportunities and a clear career advancement pathway for employees to support talent development. We have implemented a quality management system covering the entire product lifecycle and hold ISO 9001 and IATF 16949 certifications. In research and development and innovation, we have established standardized project management processes and an intellectual property incentive system, managed by a dedicated team. Regarding data security and customer privacy, we have built a systematic information management framework, enforcing confidentiality responsibilities across all employees and implementing role-based access control for customer information.

Employee Health and Safety: We comply with the requirements of relevant laws and regulations, including the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》). We have formulated internal policies including the Workshop Production Safety Management Policy (《車間安全生產管理制度》) and the Fire Safety Management Regulations (《消防安全管理規定》). We have assessed potential hazard sources within our production environments and processes and have arranged occupational health examinations for employees. We have established a system for the identification and rectification of potential safety hazards to monitor and manage major hazard sources, and have equipped and maintained necessary safety protection and emergency rescue facilities in accordance with applicable requirements to support the maintenance of effective working conditions. During the Track Record Period and up to the Latest Practicable Date, we did not experience any major safety incidents. We regularly organize fire safety training and accident emergency response drills, and have established a coordination mechanism with the community. We also arrange specialized safety training for all production personnel. We have not experienced any material work-related injuries or fatalities during the Track Record Period and up to the Latest Practicable Date.

Sustainable Supply Chain Management: We comply with relevant laws and regulations such as the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》) and the Regulations on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》), and have formulated internal policies including the Supplier Onboarding and Exit Management Standards (《供應商導入與退出管理規範》) and the Supplier Assessment Management Standards (《供應商考核管理規範》). During the supplier admission process, we incorporate ESG factors into consideration, conduct preliminary screening of suppliers for risks related to anti-corruption, labor standards, and environmental emissions. In the supplier management and assessment stage, we continuously assess suppliers' performance in terms of quality, delivery, service and price. Suppliers who experience repeated quality issues without improvement, are involved in major liability incidents, or consistently fail to meet assessment standards over an extended period will be promptly removed from the qualified supplier list and their cooperation with us will be terminated. See "— Our Supply Chain — Our Suppliers — Supplier Selection and Management."

EMPLOYEE

All of our employees were based in China during the Track Record Period. The table sets forth a breakdown of our employees by function as of June 30, 2026.

Function	Number	Percentage of Total Number (%)
R&D	192	34.9
Sales and marketing	23	4.2
Production	263	47.8
Administrative	72	13.1
Total	**550**	**100.0**

Employee Recruitment, Training and Development

We invest in resources in recruiting and training our employees. We focus on identifying candidates whose skills and experience align with our manufacturing and R&D requirements. As our business expands, we continue to strengthen key teams through targeted recruitment initiatives. We also implemented specialized recruitment programs through recruiting firms, third parties, and our internal referral policy to attract potential talents. We provide internal training programs to our employees periodically to enhance their technical know-how and solidify their expertise. We have established an annual plan covering technical deepening, industry insights, and professional advancement. We also maintain talent review mechanisms to identify high-potential employees and support their progression.

Employment Contract and Employee Benefits

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition. These agreements typically include confidentiality obligations and noncompetition provisions effective during and after employment. 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.

Social Insurance and Housing Provident Fund

As required by PRC laws and regulations in China, 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 social insurance and housing provident fund contributions for certain employees in compliance with relevant laws and regulations, considering some employees' preference not to contribute amounts strictly calculated in proportion to their salaries. In 2023, 2024, 2025 and the six months ended June 30, 2026, the shortfall of social insurance and housing provident fund contributions accounted for 10.1%, 3.5%, 1.3% and 0.43% of our revenue in the same periods, respectively. Since September 30, 2025, we have fully rectified such practice and have made full social insurance and housing provident fund contributions for all our employees in compliance with relevant laws and regulations. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding contributions within a prescribed time limit and may be subject to an overdue fine. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times the overdue amount. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit, failing which an application may be made to the PRC courts for compulsory enforcement. According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which became effective on September 1, 2025 (the "**SPC Interpretation (II)**"), where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law, the people's court shall uphold such claim. This provision generally applies where the employer has completely failed to make social insurance contributions for its employees. Where the employer has made insufficient contribution, the likelihood of the court upholding the claim is low. During the Track Record Period, we have not received any notices from the relevant authorities regarding employee complaints concerning social insurance contributions or housing provident funds, nor have the relevant authorities imposed any penalties or ordered any retroactive payments. Therefore, we believe the SPC Interpretation (II) will not have a material adverse effect on our Group's operations or financial condition.

Considering that: during the Track Record Period and up to the Latest Practicable Date, (i) no material administrative action, fine or penalty had been imposed on the Group by the relevant regulatory authorities with respect to such shortfalls; (ii) we had not received any notification from the relevant PRC authorities requiring us to pay any such shortfall or imposing any material administrative penalties on us, and we were not aware of any material employee complaints, nor involved in any material labor disputes with our employees, with respect to social insurance and housing provident funds; (iii) we have completed interviews with relevant and competent social insurance and housing provident fund authorities, which confirmed that, they will not proactively impose penalties or require the recovery or supplementation of historical underpayments or non-payments of social insurance contributions or housing provident fund contributions by our Group; (iv) the Ministry of Human Resources and Social Security and the State Administration of Taxation have strictly prohibited the centralized collection of historical shortfalls for social insurance and housing provident fund contributions and the SPC Interpretation (II) in the absence of material employee complaint; (v) pursuant to the Notice on Implementing Several Measures to Further Support and Serve the Development of the Private Economy (《關於實施進一步支持和服務民營經濟發展若干措施的通知》) issued by the State Administration of Taxation on November 16, 2018, tax collection authorities shall not, on their own initiative, organize any centralized collection of payment arrears from previous years owed by payers, including private enterprises; and (vi) we undertake that, if we are required to make such payments, we will promptly settle the outstanding shortfall in social insurance and housing provident fund contributions, our PRC Legal Advisor is of the view that the risk of the competent authorities requiring our Group to pay shortfalls with respect to the social insurance and housing provident funds and/or taking the initiative to impose penalties on us is remote.

Accordingly, during the Track Record Period and up to the Latest Practicable Date, we have not made provisions for such shortfalls. The maximum potential fines to which we may be exposed due to shortfalls in social insurance contributions during the Track Record Period would account for approximately 27.3%, 9.3%, 3.3% and 1.0% of our revenue in the same periods, respectively. If the relevant authority applies to relevant courts for enforcement, the maximum potential enforcement amount arising from shortfalls in housing provident fund contributions during the Track Record Period would account for approximately 1.0%, 0.4%, 0.2% and 0.1% of our revenue in the same periods, respectively.

We have strengthened our internal controls through the following: (i) we will refine our human resources policies to require contributions to social insurance and housing provident funds in accordance with applicable laws and regulations; (ii) we will enhance communication with employees to explain the importance of participating in social insurance and housing provident fund schemes; and (iii) we will strengthen employee training covering social insurance and housing provident fund requirements. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Labor Dispatch

Under PRC laws and regulations, the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers). Any failure or perceived failure by us to comply with the PRC regulations on labor dispatch may subject us to administrative penalties or other disciplinary actions, which could have a material adverse effect on our business operations. During the Track Record Period, the number of dispatched workers we engaged had once exceeded 10% of our total labor force, primarily because our operations were in a ramp-up stage in 2024 and 2025, during which we engaged additional dispatched workers on a short-term basis to meet fluctuating production demands. As of December 31, 2025, we had rectified this matter and reduced the ratio of dispatched contract workers to our total workforce to below 10%. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if the number of dispatched workers exceeds the limit, the employer may be ordered to make corrections within a time limit by labor administrative authorities, and failure to make such corrections may lead to a fine ranging from RMB5,000 to RMB10,000 per dispatched worker. To prevent recurrence, we have implemented the following measures: (i) conducting periodic training for our human resources personnel on applicable laws and regulations governing the engagement of dispatched workers; and (ii) establishing a monitoring mechanism to regularly track the ratio of dispatched workers to our total labor force. After consulting with our PRC Legal Advisor, and considering that (i) during the Track Record Period and up to the Latest Practicable Date, we have not received any notification or order from the relevant PRC authorities, and (ii) our comprehensive rectification of the historical non-compliance and continued adherence to the relevant laws and regulations on labor dispatch, our Directors are of the view that it is not expected that any administrative penalties, in particular any fines, would arise from the aforementioned historical compliance deficiencies and that such matter has not had, and is not expected to have any material adverse impact on our business operations or financial performance.

INSURANCE

Pursuant to PRC social insurance regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also maintain insurance policies to cover various aspects of our business, including employee social insurance, employer liability insurance, short-term accident and injury insurance and overseas travel insurance. We review our insurance policies to ensure compliance with the statutory PRC laws and regulations. As advised by our PRC Legal Advisor, under the Product Quality Law of the People's Republic of China, we may be held liable for damages arising from defects in our products, and any violation thereof may subject us to fines, orders to cease production of non-compliant products, and confiscation of illegal gains. According to Frost & Sullivan, our insurance coverage is in line with market practice. We believe our insurance coverage is adequate having regard to our business scale, product profile, the nature of our product applications, and our compliance with mandatory insurance requirements under PRC laws and regulations. During the Track Record Period, we did not have any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors—Risks Relating to Our General Operations and Industry—Our insurance coverage may be insufficient to protect us from the liabilities we may incur or cover all of our potential losses."

PROPERTIES

Leased Properties

As of the Latest Practicable Date, we leased 14 properties across China, with an aggregate GFA of approximately 27,801 sq. m., which were mainly used as our offices, R&D centers and production base. We are generally allowed to terminate lease agreements with a prior notice. 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 the properties we leased in China, with a GFA of approximately 24,847 sq.m., which were mainly used as our offices, R&D centers and production base. We were unable to obtain registration primarily due to the difficulty in procuring the landlord's cooperation to apply for the lease registration. 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. The aggregate amount of maximum fine will be approximately RMB0.1 million, which our Directors believe will not have any material adverse impact on our business operations. As advised by our PRC Legal Advisors, the lack of registration of the lease agreements does not affect the validity of such lease agreements. We enhanced our internal control procedures by requiring lessors to cooperate with us in completing the registration of lease agreements with the relevant housing administrative authorities. We also engage with our lessors to obtain valid title certificates or other documentation evidencing their legal rights to lease the relevant properties.

Additionally, as of the Latest Practicable Date, we had not received real estate ownership certificates or proof of authorizations from the lessors or the property owners for one of our leased properties in China, with a GFA of approximately five sq. m. Our PRC Legal Advisor is of the view that, as such premise is highly substitutable, and that there is no substantial obstacle to our obtaining replacement premise in a timely manner, it is not expected to have a material adverse effect on our production and operations. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any challenge made by a third party or competent government authority on the titles of any of these leased properties that might affect our current occupation. We have strengthened internal controls by requiring lessors to provide title documentation before lease execution and by seeking to include, to the extent practicable, indemnity provisions in new leases for losses arising from the absence of valid title certificates. We believe that in the event that the relevant rightful title holders or other third parties challenge our use of such leased properties and we are required to relocate, we are able to find suitable alternative properties within the proximate area, without incurring substantial additional costs nor imposing any material adverse effect on our business, financial condition and results of operations.

Property Valuation

As of the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, we had obtained and held all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China. We are required to renew such certificates, permits and licenses from time-to-time, and we continue to oversee compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the requisite licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal. As advised by Frost & Sullivan, the following table sets forth the industry-specific standards applicable to our Specialist Technology Products.

Product Category	National Standards	Association Standards
Robotic direct drive actuator modules	• Test Methods for External Rotor Motors	• Technical Conditions for High-performance Direct Drive Motors
	• Test Methods for Small-power Permanent Magnet Synchronous Motors	• Design Specification for Insulation Structures of Non-Explosion-proof Motors
	• Test Methods for Single-phase Series Motors	• Operational Specification for Stator Insulation Treatment
	• Vacuum Cleaner Motors	
Embodied joint modules	• Not applicable	• Technical Requirements for Humanoid Robot Joint Actuators
		• Technical Requirements for Linear Actuators for Dexterous Hands
Robots	• Performance and Test Methods for Legged Robots	• Methods for Determining Vibration and Shock Test Conditions for Mobile Robots
	• Evaluation Methods and Classification of Intelligent Vision for Robots	• Reliability Testing and Evaluation for Industrial Robots
		• Reliability Enhancement Test Methods for Robot Control Components

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
The National Specialized, Sophisticated, Special and New "Little Giant" Enterprise (國家級專精特新小巨人)	2025	The Ministry of Industry and Information Technology (工信部)
The specialized, refined, distinctive, innovative small and medium-sized enterprises in Guangdong Province (廣東省專精特新中小企業)	2024	The Department of Industry and Information Technology of Guangdong Province (廣東省工信廳)

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions. According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

Non-compliance

Absence of Construction Permit

During the Track Record Period, we did not obtain construction permits or make required filings for certain construction and renovation projects in a timely manner, with a project contract value of RMB1.3 million, primarily due to inadvertent oversight and unfamiliarity with evolving regulatory requirements which prevented timely completion of the necessary application. As advised by our PRC Legal Advisor, following consultation with the relevant government authorities, and in line with current regulatory enforcement practices, the required construction procedures cannot be retroactively filed or supplemented once the project has physically commenced. As advised by our PRC Legal Advisor, if we fail to obtain the required construction permits, we may be ordered by the competent authority to suspend construction and rectify within a prescribed time limit, and may be subject to a fine ranging from 1% to 2% of the project contract value. In addition, if we fail to complete the required filing after completion acceptance in accordance with the Fire Protection Law of the PRC, we may be ordered to rectify and may be subject to a fine of up to RMB5,000. Nevertheless, based on the interview with the relevant authorities, being the competent authorities as advised by our PRC Legal Advisor to confirm the matters relating to incomplete construction procedures, these authorities typically do not proactively impose administrative penalties, require the demolition of the relevant construction projects, or prohibit the continued use of the relevant properties for production and business operations, unless prompted by complaints or reports. During the Track Record Period and up to the Latest Practicable Date, we have not received any notices from the relevant authorities regarding complaints or reports concerning non-compliance with applicable PRC laws and regulation relating to construction projects, nor have any penalties been imposed by relevant authorities or any orders issued requiring us to suspend construction or undertake rectification. Accordingly, our Directors, after consulting with our PRC Legal Advisor, are of the view that the non-compliance did not have and is not expected to have a material adverse effect on our production and operations. We have strengthened our internal control measures by (i) requiring construction projects to obtain necessary permits and approvals before commencement; (ii) conducting regular internal reviews to monitor compliance with regulatory requirements; and (iii) designating responsible personnel to oversee construction compliance and ensure timely completion of the required permits, filings and approvals.

INTERNAL CONTROL AND RISK MANAGEMENT

We have in place a robust risk management and internal control system. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management: we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation, with our finance department regularly reviewing management accounts in accordance with these procedures. We also established an Audit Committee to review and supervise our financial reporting process and internal control system.

Compliance Risk Management: we have established sound compliance risk management procedures. Our legal team reviews the contracts we enter into with customers, suppliers and business partners. Our legal team is responsible for obtaining any requisite governmental permits, approvals or consents. In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment.

Human Resources Risk Management: we have established comprehensive internal control and risk management policies for human resources, covering recruitment, training, work ethics and legal compliance. We conduct regular performance reviews and align their compensation with performance outcomes. In addition, we monitor the implementation of our internal risk management policies to identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

Anti-corruption Risk Management: we uphold business ethics and integrity through comprehensive policies, including the anti-bribery code of conduct. We maintain a whistleblower mechanism for anonymous reporting, with oversight by the internal audit department. All reports will be investigated per an approved plan, with findings documented and submitted to relevant management. In addition, we require our business partners to sign the code of business conduct for business partners or other integrity agreement as part of the onboarding process. During the Track Record Period and up to the Latest Practicable Date, we have not been involved in legal proceedings related to corruption, bribery, or fraud.

The following discussion and analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs. 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. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and "Forward-Looking Statements" and elsewhere in this document.

OVERVIEW

We are a robotics technology company with direct drive technology as our core capability. We primarily develop and sell robotic actuator modules, including robotic direct drive actuator modules and embodied joint modules, as well as robots. From our inception to June 30, 2026, our robotics technology has empowered over 7.5 million robots, covering consumer, industrial and commercial applications, as well as embodied intelligence robots. We ranked first in the PRC consumer robotic direct drive actuator module industry with a market share of 61.1% by revenue in 2025, according to Frost & Sullivan.

We have achieved significant revenue growth and improved profitability during the Track Record Period. Our revenue increased from RMB17.5 million in 2023 to RMB79.8 million in 2024, and further to RMB281.7 million in 2025, with a CAGR of 300.8% from 2023 to 2025. Our revenue increased from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026. Our gross profit increased from RMB2.4 million in 2023 to RMB15.4 million in 2024, and further to RMB60.6 million in 2025. Our gross profit margin improved from 13.5% in 2023 to 19.3% in 2024 and further to 21.5% in 2025. Our gross profit increased from RMB26.5 million in the six months ended June 30, 2025 to RMB41.4 million in the six months ended June 30, 2026, and our gross profit margin improved from 18.5% to 20.7% during the same period.

BASIS OF PRESENTATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the Historical Financial Information throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each year during the Track Record Period.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the management to make judgments, estimates and assumptions in the process of applying our Group's accounting policies. Judgments made by the management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3 to the Accountants' Report included in Appendix I.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Development of the Global Robot Industry and Penetration of Downstream Markets

Our business, financial performance, results of operations and future growth depend on factors including customer demand for robotic actuator modules and for downstream applications, market acceptance of robotics technologies, competitive dynamics, robotics technological advancements, global economic conditions and the regulatory environment. According to Frost & Sullivan, the market size of global robotic actuator module industry by revenue increased from RMB83.8 billion in 2021 to RMB110.0 billion in 2025, with a CAGR of 7.0% and is expected to increase to RMB206.3 billion in 2030, with a CAGR of 13.9% from 2026 to 2030. This is driven by upgrading downstream requirements, advances in materials and control technologies, continued domestic supply-chain development and policy support for core component innovation. Industry trends, including wider adoption of direct drive technology actuators, broader penetration of robotics across consumer, industrial and commercial applications and increasing demand for standardized yet flexible module products, directly shape overall demand for robotic actuator modules and, in turn, affect our market opportunities and financial performance.

According to Frost & Sullivan, the market size of global robot industry by shipment volume increased from 17.1 million units in 2021 to 33.9 million units in 2025, with a CAGR of 18.7%, and is expected to increase to 81.2 million units in 2030, with a CAGR of 19.1%. This is driven by rising consumer-grade robotics demand, progress in integrated power-module development, enhanced software–hardware co-evolution, and continued product miniaturization and efficiency. These trends are expected to accelerate the penetration of wheel-legged robots, reinforcing demand for both robotic actuator modules and robots.

With our product portfolio spanning both robotic actuator modules and robots, the pace of downstream adoption, evolving locomotion and control architectures and the degree of commercialization across consumer, industrial and commercial applications directly influence customer demand for our products and our business performance and growth prospects. To capture these market opportunities and meet evolving customer requirements, we continued to enhance our core technologies and expand our product portfolio, aligning our offerings with increasing performance, reliability and integration needs of downstream applications.

Relationship with Key Customers and Expansion of Customer Base

Our ability to strengthen relationships with existing customers and expand our customer base is critical to our results of operations and future growth. As demand for robotic actuator modules and robots evolves, our performance is influenced by customers' technology requirements, procurement strategies, and product development cycles.

We have established stable relationships with major customers in the global robot industry by consistently delivering reliable products and aligning our technological capabilities, including direct drive technologies and modular reconfiguration systems, with customer needs. We continue to support existing customers through product iteration, design upgrades and expanded module offerings, which strengthen customer retention and deepen cooperation over time. This is shown in our revenue concentration, where our five largest customers in each year/period during the Track Record Period accounted for RMB11.7 million, RMB66.5 million, RMB241.4 million and RMB162.9 million in each year/period during the Track Record Period, representing 67.0%, 83.4%, 85.7% and 81.3% of our total revenue in the same periods, respectively. This concentration demonstrates our success in positioning ourselves as a significant partner to the industry's influential players, whose demand expanded rapidly during the growth of global consumer robot market.

Our financial performance also depends on our ability to acquire and retain new customers. The applicability of our products across consumer, industrial and commercial applications enables us to reach a broad range of downstream users. We actively expand into emerging application sectors to capture new opportunities. By deepening existing relationships while securing new end customers, we aim to grow our market share and strengthen our competitive position.

Impact of Product Mix and Corresponding Cost Structure

Our profitability is influenced by the mix of products we sell and their respective cost structures. As we expand our portfolio across robotic actuator modules and robots, differences in technological complexity, integration levels and component requirements among product categories directly affect our gross profit margin and, in turn, our financial performance.

During the Track Record Period, our various product lines exhibited differing gross profit margins due to variations in design sophistication, production processes and material and labor cost structures. The gross profit margin of our robotic direct drive actuator modules was 8.3%, 15.6%, 20.0%, 17.4% and 18.4%, the gross profit margin of our embodied joint modules was 33.3%, 53.6%, 35.6%, 36.4% and 29.2% and the gross profit margin of robots was 35.4%, 57.3%, 64.3%, 56.4% and 56.5% in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our robotic actuator modules and embodied joint modules generally reflect margin profiles associated with precision components, while our robots, which incorporate higher system integration and software content, typically generate higher margins. We will continue to expand our product portfolio, improve profitability by enhancing our technological capabilities, broaden market penetration of high-performance products, and build sustainable growth momentum.

R&D Investments and Technological Innovation

Our long-term competitiveness and business performance depend on our ability to sustain technological innovation and respond to evolving customer and industry requirements. We continue to invest in research and development to enhance our core technologies in direct drive actuation and modular reconfiguration technologies to support the development of new robotic actuator modules and robots. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses amounted to RMB39.0 million, RMB42.9 million, RMB55.4 million, RMB26.9 million and RMB53.6 million, accounting for 222.6%, 53.8%, 19.7%, 18.8% and 26.8% of our total revenue, respectively.

Our R&D activities align closely with technological progress and downstream customer needs. We define technical requirements jointly with customers, collaborate with research institutions on advanced control and simulation technologies and coordinate internally across design, engineering and production teams to accelerate development cycles and support efficient transition from prototype to mass production. Our sustained R&D efforts have enabled us to develop foundational technologies for robotic actuator modules and embodied joint modules and to continuously upgrade our product offerings in line with industry trends. For further details, see "Business — Our Core Technologies" and "Business — Intellectual Property."

We plan to continuously improve direct drive technologies and explore emerging technologies to support greater autonomy, energy efficiency and reliability. Effective investment in R&D and talent will remain critical to our ability to deliver innovative, cost-effective products, improve our product performance and support future revenue growth.

Cost Management and Operational Efficiency

Our profitability and sustainable growth largely depend on our ability to manage costs effectively and enhance operational efficiency. Our cost of sales, primarily cost of raw materials, directly affects our gross profit margin. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our cost of sales amounted to RMB15.2 million, RMB64.4 million, RMB221.1 million, RMB116.8 million and RMB158.9 million, accounting for 86.5%, 80.7%, 78.5%, 81.5% and 79.3% of our total revenue, respectively. Fluctuations in raw material pricing may materially impact our results of operations, and we manage such risks through supply chain planning, procurement optimization and ongoing production improvements. For further details, see "Business — Our Supply Chain."

Effective management of our operating expenses also affects our financial performance. Our operating expenses mainly include research and development expenses, selling and distribution expenses and administrative expenses. During the Track Record Period, our operating expenses amounted to RMB64.4 million, RMB89.4 million, RMB167.1 million, RMB47.0 million and RMB144.8 million, accounting for 367.0%, 112.0%, 59.3%, 32.8% and 72.3% of our total revenue during the same periods, respectively. The decline in operating expenses as a percentage of revenue from 2023 to 2025 exhibits improving operational efficiency, while the increase in such percentage from the six months ended June 30, 2025 to the same period in 2026 was primarily attributable to higher share-based payment expenses and **[REDACTED]** expenses recognized during the period. Looking forward, we will continue refining our cost structure and improving operating efficiency across our supply chain, production and internal management processes.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions and complex judgments related to accounting items. The estimates and assumptions we use and judgments we make when applying accounting policies significantly affect our financial position and operational results. Our management evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events deemed reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. For details, see Notes 2.3 and 3 to the Accountants' Report in Appendix I.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

We generate revenues from sales of (i) robotic actuator modules, comprising (a) direct drive actuator modules, which consist of consumer applications and industrial and commercial applications, and (b) embodied joint modules, and (ii) robots.

Cost of sales

Our cost of sales stems from (i) cost of materials, (ii) labor costs, (iii) outsourced processing costs, (iv) manufacturing overhead, (v) provision for impairment on inventories, and (vi) others.

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.

Other Income and Gains

Our other income and gains primarily comprise (i) other income, including (a) government grants and (b) bank interest income, and (ii) gains, including (a) gains on financial assets at FVTPL and (b) scrap sales.

Selling and Distribution Expenses

Our selling and distribution expenses primarily comprise (i) marketing and promotion expenses, (ii) staff costs, (iii) travel expenses, (iv) share-based payment expenses and (v) others, primarily including depreciation and amortization, rental expenses and utilities expenses.

Administrative Expenses

Our administrative expenses mainly comprise (i) staff costs, (ii) office expenses, (iii) professional service fees, (iv) travel expenses, (v) depreciation and amortization, (vi) share-based payment expenses, (vii) tax and surcharges and (viii) others, mainly including rental expenses and bank charges.

Research and Development Expenses

Our research and development expenses represent (i) staff costs, (ii) raw materials, (iii) share-based payment expenses, (iv) outsourced R&D expenses, (v) IP and patent fees and (vi) others, mainly including depreciation and amortization and utilities expenses.

Impairment Losses under Expected Credit Loss Model, Net

Our net impairment losses under the expected credit loss model represent expected credit losses on our financial assets, primarily including (i) trade receivables, and (ii) financial assets included in deposits and other receivables. See Note 36 to the Accountants' Report in Appendix I.

Other Expenses

Our other expenses mainly comprise non-operating expenses.

Finance Costs

Our finance costs comprise interest expenses on (i) bank borrowings and other loans, (ii) amounts due to related parties, and (iii) lease liabilities.

Changes in the Carrying Amount of the Redemption Liabilities

Changes in the carrying amount of the redemption liabilities represent fair value changes in the carrying amount of certain special rights we granted to the Pre-**[REDACTED]** Investors, including the right of redemption (put option) and liquidation preference. We recognized the financial liabilities arising from our obligation to redeem the Pre-**[REDACTED]** Investors' investments upon the occurrence of any specified contingent redemption events, as not all redemption events are within our control. We measure the financial liabilities at fair value. The change in fair value of the financial liabilities on series shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the financial liabilities on series shares attributable to changes of own credit risk is not significant.

Income Tax Expense

Our income tax expense represented income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. See Note 10 to the Accountants' Report in Appendix I for more details.

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,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Revenue	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**
Cost of sales	(15,176)	(86.5)	(64,406)	(80.7)	(221,130)	(78.5)	(116,848)	(81.5)	(158,888)	(79.3)
Gross profit	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	26,484	18.5	41,407	20.7
Other income and gains	1,413	8.1	1,922	2.4	4,152	1.5	2,250	1.6	2,312	1.2
Selling and distribution expenses	(10,662)	(60.8)	(11,651)	(14.6)	(12,934)	(4.6)	(6,953)	(4.9)	(8,233)	(4.1)
Administrative expenses	(14,656)	(83.6)	(34,786)	(43.6)	(98,685)	(35.0)	(13,154)	(9.2)	(82,979)	(41.4)
Research and development expenses	(39,040)	(222.6)	(42,924)	(53.8)	(55,437)	(19.7)	(26,893)	(18.8)	(53,587)	(26.8)
Impairment losses under expected credit loss model, net	(918)	(5.2)	(2,875)	(3.6)	(585)	(0.2)	(1,243)	(0.9)	(2,475)	(1.2)
Other expenses and losses	(110)	(0.6)	(465)	(0.6)	(6,251)	(2.2)	(989)	(0.7)	(1,979)	(1.0)
Finance costs	(1,663)	(9.5)	(1,561)	(2.0)	(1,726)	(0.6)	(848)	(0.6)	(561)	(0.3)
Changes in the carrying amount of the redemption liabilities	(12,311)	(70.2)	(16,791)	(21.0)	(770,096)	(273.4)	(11,220)	(7.8)	(284,637)	(142.1)
Loss before tax	**(75,585)**	**(431.0)**	**(93,735)**	**(117.5)**	**(880,977)**	**(312.7)**	**(32,566)**	**(22.7)**	**(390,732)**	**(195.1)**
Income tax expense	—	—	—	—	—	—	—	—	—	—
Loss for the year/period	**(75,585)**	**(431.0)**	**(93,735)**	**(117.5)**	**(880,977)**	**(312.7)**	**(32,566)**	**(22.7)**	**(390,732)**	**(195.1)**
Attributable to:										
Owners of the parent	(75,585)	(431.0)	(93,735)	(117.5)	(880,977)	(312.7)	(32,566)	(22.7)	(390,732)	(195.1)

Non-IFRS Measures

To supplement our consolidated financial statements prepared under IFRS, we use adjusted net loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items including (i) share-based payment expenses, non-cash in nature; (ii) changes in the carrying amount of redemption liabilities arising from series shares with special rights, and such redemption liabilities will be re-designated from liabilities to equity upon the automatic conversion of redeemable preferred shares into ordinary shares upon **[REDACTED]**; and (iii) **[REDACTED]**, which are expenses incurred in connection with the **[REDACTED]**.

We believe this measure helps investors and others understand and evaluate our consolidated results of operations in the same way it helps our management. However, other companies may calculate similarly titled non-IFRS measures differently, limiting their comparability. This measure has analytical limitations, and you should not consider it in isolation, or as a substitute for analyzing, our results of operations or financial condition as reported under IFRS. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net loss	**(75,585)**	**(93,735)**	**(880,977)**	**(32,566)**	**(390,732)**
Add:					
Share-based payment expenses(1)	2,051	15,350	58,758	1,730	62,704
Changes in the carrying amount of the redemption liabilities(2)	12,311	16,791	770,096	11,220	284,637
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net loss (non-IFRS measure)	**(61,223)**	**(61,594)**	**(43,247)**	**(19,616)**	**(27,500)**

Notes:

(1) Non-cash expenses arising from shares granted to qualified directors and employees under our Group's share-based incentive scheme. For further details, see Note 31 to the Accountants' Report in Appendix I.

(2) Non-cash fair value changes arising from redemption liabilities, which arose from the financing with special rights received from Pre-**[REDACTED]** Investors. For further details, see Note 20 to the Accountants' Report in Appendix I.

Revenue

Revenue by Product Categories

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

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Robotic direct drive actuator modules										
Consumer applications	3,206	18.3	63,985	80.2	247,756	88.0	131,166	91.5	164,926	82.3
Industrial and commercial applications	10,996	62.7	8,496	10.6	19,854	7.0	6,577	4.6	20,997	10.5
Industrial applications	992	5.7	2,313	2.9	2,856	1.0	1,004	0.7	6,865	3.4
Commercial applications	10,004	57.0	6,183	7.7	16,998	6.0	5,573	3.9	14,132	7.1
Subtotal	14,202	81.0	72,481	90.8	267,610	95.0	137,743	96.1	185,923	92.8
Embodied joint modules										
Commercial applications	15	0.1	2,641	3.3	6,679	2.4	2,913	2.0	3,261	1.6
Research applications	—	—	40	0.1	119	0.0	63	0.1	44	0.1
Subtotal	15	0.1	2,681	3.4	6,798	2.4	2,976	2.1	3,305	1.7
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Commercial applications	3,035	17.3	4,044	5.1	6,890	2.5	2,425	1.7	10,997	5.5
Research applications	286	1.6	596	0.7	417	0.1	188	0.1	70	0.0
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our shipment volume and average selling price by product categories for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
Robotic direct drive actuator modules	185,591	77	2,143,030	34	8,497,883	31	4,496,617	31	5,758,040	32
Consumer applications	115,237	28	2,104,298	30	8,424,819	29	4,470,721	29	5,660,254	29
Industrial applications	15,248	65	9,833	235	19,596	146	6,108	164	70,584	97
Commercial applications	55,106	182	28,899	214	53,468	318	19,788	282	27,202	520
Embodied joint modules	58	259	10,278	261	12,276	554	3,898	763	12,878	257
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

Comparison between the six months ended June 30, 2025 and 2026. Our revenue increased by 39.7% from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026, which was primarily attributable to an increase in revenue generated from robotic direct drive actuator modules and robots.

Robotic Actuator Modules

Robotic direct drive actuator modules

Revenue generated from robotic direct drive actuator modules used in consumer applications increased by 25.7% from RMB131.2 million in the six months ended June 30, 2025 to RMB164.9 million in the six months ended June 30, 2026, primarily attributable to an increase in the shipment volume of such modules from approximately 4.5 million units to 5.7 million units in the respective periods, while their average selling price remained relatively stable. The increase in shipment volume reflected increased demand driven by greater penetration among existing customers and the continued expansion of our customer base.

Revenue generated from robotic direct drive actuator modules used in industrial and commercial applications increased by 219.2% from RMB6.6 million in the six months ended June 30, 2025 to RMB21.0 million in the six months ended June 30, 2026, primarily attributable to an increase in shipment volume from 25,896 units to 97,786 units during the same periods, driven by increased market penetration and large-scale adoption in industrial and commercial applications.

Embodied joint modules

Revenue generated from embodied joint modules increased by 11.1% from RMB3.0 million in the six months ended June 30, 2025 to RMB3.3 million in the six months ended June 30, 2026, which was primarily attributable to an increase in the shipment volume of such modules from 3,898 units to 12,878 units in the respective periods. The increase in shipment volume was driven by (i) an increasing adoption of our embodied joint modules at scale, and (ii) increased customer demand driven by our enhanced product offerings.

Robots

Revenue generated from robots increased by 323.5% from RMB2.6 million in the six months ended June 30, 2025 to RMB11.1 million in the six months ended June 30, 2026, which was primarily attributable to increases in both shipment volume and average selling price, driven by broader commercial adoption of the D1 robots across new application scenarios, including campus and office building inspections, tunnel safety inspections and delivery services in residential and commercial communities, with their functionality configured to meet different customer requirements.

Comparison between 2024 and 2025. Our revenue increased by 253.0% from RMB79.8 million in 2024 to RMB281.7 million in 2025, which was primarily attributable to an increase in revenue generated from robotic direct drive actuator modules.

Robotic Actuator Modules

Robotic direct drive actuator modules

Revenue generated from robotic direct drive actuator modules used in consumer applications increased by 287.2% from RMB64.0 million in 2024 to RMB247.8 million in 2025. The increase was primarily driven by a significant expansion in our shipment volumes from approximately 2.2 million units to approximately 8.5 million units in the same periods, as 2024 marked the first year of large-scale commercial adoption of our direct drive actuator modules in consumer robots, and the rapid growth of the consumer robot market led to a substantial increase in demand from our customers, alongside broader adoption of our products across multiple downstream applications.

Revenue generated from robotic direct drive actuator modules used in industrial and commercial applications increased by 133.7% from RMB8.5 million in 2024 to RMB19.9 million in

2025, which was primarily attributable to (i) the expanded deployment of our direct drive actuator modules for service robots, and (ii) improved customer mix with increased sales to customers in higher-value applications.

Embodied joint modules

Revenue generated from embodied joint modules increased by 153.6% from RMB2.7 million in 2024 to RMB6.8 million in 2025, which was primarily attributable to surges in market demand for embodied joint modules driven by the introduction of new robot products by leading embodied intelligence robot providers.

Robots

Revenue generated from robots increased by 57.5% from RMB4.6 million in 2024 to RMB7.3 million in 2025. As the robot market remains at an early stage of commercialization, we have focused on product development and long-term market cultivation rather than near-term volume expansion. The increase was primarily attributable to (i) an expanded product portfolio with additional accessories and configuration options, (ii) an enlarged customer base driven by our broader product offerings, and (iii) improved efficiency in our sales and marketing activities as our revenue base continued to grow.

Comparison between 2023 and 2024. Our revenue increased by 355.0% from RMB17.5 million in 2023 to RMB79.8 million in 2024, which was primarily attributable to an increase in revenue generated from robotic direct drive actuator modules.

Robotic Actuator Modules

Robotic direct drive actuator modules

Revenue generated from robotic direct drive actuator modules used in consumer applications increased by 1,895.8% from RMB3.2 million in 2023 to RMB64.0 million in 2024, which was primarily attributable to (i) our commercial scale-up in direct drive actuator modules for consumer robots, in which we hold a leading market position in PRC and have driven the broader industry adoption of consumer robotic direct drive technologies, according to Frost & Sullivan, and (ii) the expansion of our product portfolio and market penetration, including broader deployment of our robotic direct drive actuator modules in robot vacuums and wet-dry vacuums, as indicated by a significant increase in our shipment volume from approximately 0.2 million units in 2023 to approximately 2.1 million units in 2024.

Revenue generated from robotic direct drive actuator modules used in industrial and commercial applications decreased by 22.7% from RMB11.0 million in 2023 to RMB8.5 million in 2024, which was primarily attributable to reduced orders from certain customers due to changes in customer product lifecycles.

Embodied joint modules

Revenue generated from embodied joint modules increased by 17,773.3% from RMB15 thousand in 2023 to RMB2.7 million in 2024. Given the minimal revenue base in 2023, the percentage change is not meaningful. The increase in 2024 was primarily attributable to (i) the transition from early-stage sample orders in 2023 to small-batch commercial production in 2024, and (ii) our successful engagement with strategic customers in the embodied intelligence robot industry.

Robots

Revenue generated from robots increased by 39.7% from RMB3.3 million in 2023 to RMB4.6 million in 2024, which was primarily attributable to (i) our introduction of TITA robot into the market, and (ii) increased market penetration and demand for our wheel-legged robots, driven by broader industry engagement, as the new modular options provided diversified product configurations to meet the growing market demand for algorithms and enhanced collaboration in complex terrains.

Revenue by Sales Channel

During the Track Record Period, we sold our products through our (i) direct sales channel, including offline direct sales and online direct sales, and (ii) distributorship channel. We sold robotic actuator modules through our direct sales channel, while we sold robots through both direct sales and distributorship channels. The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as percentages of the total revenue, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic Actuator Modules										
Offline direct sales	14,161	80.8	74,844	93.8	273,900	97.2	140,399	98.0	189,110	94.4
Online direct sales	56	0.3	318	0.4	508	0.2	320	0.2	118	0.1
Subtotal	14,217	81.1	75,162	94.2	274,408	97.4	140,719	98.2	189,228	94.5
Robots										
Offline direct sales	1,622	9.2	3,363	4.2	6,390	2.3	2,392	1.6	10,592	5.3
Distributorship	525	3.0	1,277	1.6	917	0.3	221	0.2	475	0.2
Online direct sales	1,174	6.7	—	—	—	—	—	—	—	—
Subtotal	3,321	18.9	4,640	5.8	7,307	2.6	2,613	1.8	11,067	5.5
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

Comparison between the six months ended June 30, 2025 and 2026. Our revenue increased by 39.7% from RMB143.3 million in the six months ended June 30, 2025 to RMB200.3 million in the six months ended June 30, 2026, primarily attributable to an increase in revenue from direct sales across both product categories.

Robotic Actuator Modules

Revenue generated from robotic actuator modules through offline direct sales increased by 34.7% from RMB140.4 million in the six months ended June 30, 2025 to RMB189.1 million in the six months ended June 30, 2026, consistent with the overall growth of our robotic actuator modules business driven by the continued expansion of consumer applications.

Revenue generated from robotic actuator modules through online direct sales decreased by 63.1% from RMB0.3 million in the six months ended June 30, 2025 to RMB0.1 million in the six months ended June 30, 2026, primarily attributable to our strategic reallocation of sales and marketing resources.

Robots

Revenue generated from robots through offline direct sales increased by 342.8% from RMB2.4 million in the six months ended June 30, 2025 to RMB10.6 million in the six months ended June 30, 2026, primarily attributable to the commercial launch and increased sales of our D1 robots, which supported broader adoption across new applications, including campus and office building inspections, tunnel safety inspections and delivery services in residential and commercial communities, with their functionality configured to meet different customer requirements.

Revenue generated from robots through distributorship channel remained small, representing a relatively stable proportion of our total revenue from robots, at RMB0.2 million and RMB0.5 million in the six months ended June 30, 2025 and 2026, respectively.

Comparison between 2024 and 2025. Our revenue increased by 253.0% from RMB79.8 million in 2024 to RMB281.7 million in 2025, primarily attributable to an increase in revenue from direct sales across both product categories.

Robotic Actuator Modules

Revenue generated from robotic actuator modules through offline direct sales increased by 266.0% from RMB74.8 million in 2024 to RMB273.9 million in 2025, consistent with the overall growth in revenue from robotic actuator modules driven by the rapid expansion of consumer applications.

Revenue generated from robotic actuator modules through online direct sales increased by 59.7% from RMB0.3 million in 2024 to RMB0.5 million in 2025, primarily attributable to an expanded range of standardized products available through e-commerce platforms.

Robots

Revenue generated from robots through offline direct sales increased by 90.0% from RMB3.4 million in 2024 to RMB6.4 million in 2025, primarily attributable to an expanded product portfolio with additional product series and configuration options, which attracted both existing and new customers.

Revenue generated from robots through distributorship channel remained relatively stable at RMB1.3 million in 2024 and RMB0.9 million in 2025.

Comparison between 2023 and 2024. Our revenue increased by 355.0% from RMB17.5 million in 2023 to RMB79.8 million in 2024, primarily attributable to an increase in revenue from direct sales.

Robotic Actuator Modules

Revenue generated from robotic actuator modules through offline direct sales increased by 428.5% from RMB14.2 million in 2023 to RMB74.8 million in 2024, consistent with the commencement of commercial-scale mass production of our direct drive actuator modules for consumer robots.

Revenue generated from robotic actuator modules through online direct sales increased by 467.9% from RMB56 thousand in 2023 to RMB0.3 million in 2024, primarily attributable to an increase in standardized products sold through e-commerce platforms.

Robots

Revenue generated from robots through offline direct sales increased by 107.3% from RMB1.6 million in 2023 to RMB3.4 million in 2024, primarily attributable to the commercial launch of TITA robot in late 2024, which carries a higher average selling price.

Revenue generated from robots through distributorship channel increased by 143.2% from RMB0.5 million in 2023 to RMB1.3 million in 2024, primarily attributable to the transition of sales from online direct sales to the distributorship channel.

Revenue generated from robots through online direct sales decreased from RMB1.2 million in 2023 to nil in 2024, as we discontinued online direct sales for robots and consolidated sales through the distributorship channel to streamline our sales operational efficiency.

Revenue by Customer Types

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

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robot providers	17,149	97.8	78,577	98.5	281,306	99.8	143,030	99.8	200,167	99.9
Research institutions	389	2.2	1,225	1.5	409	0.2	302	0.2	128	0.1
Total	**17,538**	**100.0**	**79,802**	**100.0**	**281,715**	**100.0**	**143,332**	**100.0**	**200,295**	**100.0**

The table below sets out a breakdown of our shipment volume and average selling price by customer types for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP	Shipment Volume	ASP
	(#)	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*	*(#)*	*RMB*
Robotic actuator modules										
- Robot providers	185,603	76	2,150,853	35	8,510,106	32	4,500,501	31	5,770,835	33
- Research institutions	46	2,244	2,455	256	53	2,052	14	8,143	83	699
Subtotal	**185,649**		**2,153,308**		**8,510,159**		**4,500,515**		**5,770,918**	
Robots										
- Robot providers	231	13,137	97	41,691	234	29,444	186	13,038	220	49,986
- Research institutions	26	10,999	28	21,270	6	50,059	6	31,333	10	7,000
Subtotal	**257**	**12,922**	**125**	**37,120**	**240**	**30,446**	**192**	**13,609**	**230**	**48,117**
Total	**185,906**		**2,153,433**		**8,510,399**		**4,500,707**		**5,771,148**	

Cost of Sales

The following table sets forth a breakdown of the components of our cost of sales, in absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Cost of materials	7,152	47.0	41,972	65.1	150,297	67.9	77,086	66.0	110,196	69.3
Labor costs	880	5.8	8,119	12.6	23,400	10.6	13,471	11.5	13,766	8.7
Outsourced processing costs	1,013	6.7	6,991	10.9	34,257	15.5	18,585	15.9	23,798	15.0
Manufacturing overhead	2,529	16.7	4,472	6.9	9,279	4.2	5,783	4.9	6,902	4.3
Provision for impairment on inventories	2,909	19.2	1,601	2.5	1,278	0.6	777	0.7	2,178	1.4
Others[(1)]	693	4.6	1,251	2.0	2,619	1.2	1,146	1.0	2,048	1.3
Total	**15,176**	**100.0**	**64,406**	**100.0**	**221,130**	**100.0**	**116,848**	**100.0**	**158,888**	**100.0**

Note:

(1) Others primarily include freight charges and warranty costs.

Cost of materials was the largest component of our cost of sales, accounting for 47.0%, 65.1%, 67.9%, 66.0% and 69.3% of our cost of sales in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Our cost of sales increased by 324.4% from RMB15.2 million in 2023 to RMB64.4 million in 2024, and further increased by 243.3% to RMB221.1 million in 2025, and increased by 36.0% from RMB116.8 million in the six months ended June 30, 2025 to RMB158.9 million in the same period in 2026, in each case primarily attributable to increased material, labor and outsourced processing costs driven by higher production volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of RMB2.4 million, RMB15.4 million, RMB60.6 million, RMB26.5 million and RMB41.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, representing gross profit margin of 13.5%, 19.3%, 21.5%, 18.5% and 20.7%, respectively, during the same periods. Our gross profit increased throughout the Track Record Period, driven by increases in gross profit from both our robotic direct drive actuator modules and robots, which accounted for the majority of our revenue over the same periods, in line with our rapid revenue growth and business expansion.

Our gross profit margin began to normalize and improve after we commenced commercial-scale mass production of our robotic direct drive actuator modules in 2024. The improvement in our gross profit margin from 2024 onwards was primarily attributable to enhanced cost management, including (i) continuous optimization of our product designs, through iterative refinement of motor electromagnetic architecture, component integration and thermal management, which reduced material complexity and improved production yield, (ii) lower unit material costs through enhanced supply chain bargaining power and improved procurement efficiency, achieved as our procurement volumes scaled significantly in line with revenue growth, enabling more commercially favorable pricing from suppliers under stable supply arrangements, and (iii) reduced unit manufacturing overhead costs driven by economies of scale and improved operational efficiency, as evidenced by the decrease in manufacturing overhead as a percentage of cost of sales from 16.7% in 2023 to 6.9% in 2024, to 4.2% in 2025, and remained stable at 4.3% in the six months ended June 30, 2026, and labor costs as a percentage of cost of sales decreasing from 12.6% in 2024 to 10.6% in 2025, and further to 8.7% in the six months ended June 30, 2026, as production scale expanded.

Gross Profit and Gross Profit Margin by Product Categories

The following table sets forth a breakdown by product categories of our gross profit, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	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)			
Robotic Actuator Modules										
Robotic direct drive actuator modules										
Consumer applications	110	3.4	8,213	12.8	47,582	19.2	21,793	16.6	28,428	17.2
Industrial and commercial applications	1,072	9.7	3,089	36.4	5,885	29.6	2,136	32.5	5,766	27.5
Industrial applications	(70)	(7.1)	1,290	55.8	1,265	44.3	445	44.3	1,724	25.1
Commercial applications	1,142	11.4	1,799	29.1	4,620	27.3	1,691	30.3	4,042	28.6
Subtotal	1,182	8.3	11,302	15.6	53,467	20.0	23,929	17.4	34,194	18.4
Embodied joint modules	5	33.3	1,437	53.6	2,423	35.6	1,082	36.4	964	29.2
Subtotal	1,187	8.3	12,739	16.9	55,890	20.4	25,011	17.8	35,158	18.6
Robots	1,175	35.4	2,657	57.3	4,695	64.3	1,473	56.4	6,249	56.5
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

Comparison between the six months ended June 30, 2025 and 2026. Our gross profit increased by 56.3% from RMB26.5 million in the six months ended June 30, 2025 to RMB41.4 million in the six months ended June 30, 2026, primarily due to the increase in the gross profit of robotic direct drive actuator modules and robots, while our gross profit margin increased from 18.5% to 20.7%, primarily due to changes in our product mix, together with our continued cost optimization.

Robotic Actuator Modules

Robotic direct drive actuator modules

Gross profit of robotic direct drive actuator modules used in consumer applications increased by 30.4% from RMB21.8 million in the six months ended June 30, 2025 to RMB28.4 million in the six months ended June 30, 2026, in line with this category's revenue growth. Gross profit margin of robotic direct drive actuator modules used in consumer applications slightly increased from 16.6% to 17.2% in the same periods, primarily due to (i) continued cost optimization as our sales scale increased, and (ii) changes in our product mix, with a higher proportion of this category's revenue from higher-margin modules, such as those used in high-end wet-dry robot vacuums, as we improved our products.

Gross profit of robotic direct drive actuator modules used in industrial and commercial applications increased by 169.9% from RMB2.1 million in the six months ended June 30, 2025 to RMB5.8 million in the six months ended June 30, 2026, in line with this category's revenue growth. Gross profit margin of robotic direct drive actuator modules used in industrial and commercial applications decreased from 32.5% to 27.5% in the same periods, primarily due to (i) fluctuations in raw material prices for our existing products, and (ii) a higher proportion of revenue from newly acquired customers, with the related products still undergoing cost optimization.

Embodied joint modules

Gross profit of embodied joint modules decreased by 10.9% from RMB1.1 million in the six months ended June 30, 2025 to RMB1.0 million in the six months ended June 30, 2026, and gross profit margin of embodied joint modules decreased from 36.4% to 29.2% in the same periods, both primarily due to changes in product and customer mix, reflecting our evolving product offerings.

Robots

Gross profit of robots increased by 324.2% from RMB1.5 million in the six months ended June 30, 2025 to RMB6.2 million in the six months ended June 30, 2026, in line with our robot revenue growth. Our gross profit margin of robots remained stable at 56.4% and 56.5% in the same periods.

Comparison between 2024 and 2025. Our gross profit increased by 293.5% from RMB15.4 million in 2024 to RMB60.6 million in 2025, primarily due to the increase in the gross profit of robotic direct drive actuator modules, while our gross profit margin increased from 19.3% to 21.5%, primarily due to the increase in the gross profit margin of our consumer-application direct drive actuator modules, which accounted for the majority of our revenue in both years, mainly benefiting from design improvements and lower unit costs as our material procurement scaled and production expanded.

Robotic Actuator Modules

Robotic direct drive actuator modules

Gross profit of robotic direct drive actuator modules used in consumer applications increased by 479.3% from RMB8.2 million in 2024 to RMB47.6 million in 2025, in line with this category's revenue growth. Gross profit margin of robotic direct drive actuator modules used in consumer applications increased from 12.8% to 19.2% in the same periods, primarily due to (i) continuous optimization of our product designs, (ii) lower unit material cost through enhanced supply chain bargaining power and procurement efficiency under stable pricing, and (iii) lower unit labor and manufacturing overhead costs attributable to increased production scale and improved productivity.

Gross profit of robotic direct drive actuator modules used in industrial and commercial applications increased by 90.5% from RMB3.1 million in 2024 to RMB5.9 million in 2025, in line with this category's revenue growth. Gross profit margin of robotic direct drive actuator modules used in industrial and commercial applications decreased from 36.4% to 29.6% in the same periods, primarily due to variations in the mix of use cases during the period, which carry different margin profiles.

Embodied joint modules

Gross profit of embodied joint modules increased by 68.6% from RMB1.4 million in 2024 to RMB2.4 million in 2025, in line with this category's revenue growth. Gross profit margin of embodied joint modules decreased from 53.6% to 35.6% in the same periods. As the embodied intelligence robot industry ramped up, we explored new applications for embodied joint modules, driving higher sales volume and gross profit, while the change in gross profit margin reflects our evolving product offerings.

Robots

Gross profit of robots increased by 76.7% from RMB2.7 million in 2024 to RMB4.7 million in 2025, in line with our robot revenue growth. Gross profit margin of robots increased from 57.3% to 64.3% in the same periods, primarily due to (i) an expanded product portfolio with additional accessories and configuration options, which enhanced our pricing flexibility, and (ii) cost reduction in the direct drive actuator modules used in our robots.

Comparison between 2023 and 2024. Our gross profit increased by 551.8% from RMB2.4 million in 2023 to RMB15.4 million in 2024, primarily due to the increase in the gross profit of robotic direct drive actuator modules, and our gross profit margin increased from 13.5% to 19.3%, primarily due to increases in the gross profit margins across our product lines, driven by lower unit costs resulting from design improvements and the transition to commercial-scale mass production of direct drive actuator modules, and product portfolio upgrades for our robots.

Robotic Actuator Modules

Robotic direct drive actuator modules

Gross profit of robotic direct drive actuator modules used in consumer applications increased by 7,366.4% from RMB0.1 million in 2023 to RMB8.2 million in 2024, in line with this category's significant revenue growth. Gross profit margin of robotic direct drive actuator modules used in consumer applications increased from 3.4% to 12.8% in the same periods, primarily due to (i) the completion of our first major design optimization initiative, which reduced unit costs, and (ii) our transition from sample order production to commercial-scale mass production, which improved our cost structure through economies of scale.

Gross profit of direct drive actuator modules used in industrial and commercial applications increased by 188.2% from RMB1.1 million in 2023 to RMB3.1 million in 2024, in line with this category's revenue growth. Gross profit margin of direct drive actuator modules used in industrial and commercial applications increased from 9.7% to 36.4% in the same periods, primarily as our production line for this product line was at an early stage in 2023 with higher unit costs and labor costs due to limited volume, which improved through our continuous optimization of production processes in 2024.

Embodied joint modules

Gross profit of embodied joint modules increased significantly from RMB5 thousand in 2023 to RMB1.4 million in 2024, in line with this category's significant revenue growth. Gross profit margin of embodied joint modules increased from 33.3% to 53.6% in the same periods. As the embodied intelligence robotic industry was at an early stage of development in 2023 and 2024, our product line operated at a limited scale, and gross profit and gross profit margin during these periods were subject to variations in product mix. As we improved our products and scale up production, higher-margin embodied joint modules accounted for a larger proportion of this category's revenue, contributing to the increase in gross profit margin.

Robots

Gross profit of robots increased by 126.1% from RMB1.2 million in 2023 to RMB2.7 million in 2024, in line with our robot revenue growth. Gross profit margin of robots increased from 35.4% to 57.3% in the same periods, primarily due to (i) the expansion and upgrade of our product portfolio with the introduction of TITA robot, a higher-priced product, and (ii) an increase in the selling price of Diablo robot in the same periods.

Gross Profit and Gross Profit Margin by Sales Channel

The following table sets forth a breakdown by sales channel of our gross profit, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	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)			
Robotic Actuator Modules										
Offline direct sales	1,157	8.2	12,592	16.8	55,571	20.3	24,822	17.7	35,087	18.6
Online direct sales	30	53.6	147	46.2	319	62.7	190	59.2	71	60.2
Subtotal	1,187	8.3	12,739	17.0	55,890	20.4	25,012	17.8	35,158	18.6
Robots										
Offline direct sales	340	21.0	1,989	59.1	4,196	65.7	1,356	56.7	6,159	58.1
Distributorship	189	36.0	668	52.3	499	54.4	116	52.5	90	18.9
Online direct sales	646	55.0	—	—	—	—	–	–	–	–
Subtotal	1,175	35.4	2,657	57.2	4,695	64.2	1,472	56.4	6,249	56.5
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

Comparison between the six months ended June 30, 2025 and 2026. Our gross profit increased by 56.3% from RMB26.5 million in the six months ended June 30, 2025 to RMB41.4 million in the six months ended June 30, 2026, primarily driven by increased offline direct sales of both robotic actuator modules and robots, while our gross profit margin increased from 18.5% to 20.7%, primarily due to changes in our product mix, together with our continued cost optimization.

Robotic Actuator Modules

Gross profit of robotic actuator modules sold through offline direct sales increased by 41.4% from RMB24.8 million in the six months ended June 30, 2025 to RMB35.1 million in the six months ended June 30, 2026, in line with this channel's revenue growth. Gross profit margin increased from 17.7% to 18.6% in the same periods, consistent with the overall improvement in the gross profit margin of our robotic actuator modules.

Gross profit of robotic actuator modules sold through online direct sales decreased by 62.6% from RMB0.2 million in the six months ended June 30, 2025 to RMB0.1 million in the six months ended June 30, 2026, as this channel's revenue decreased. Gross profit margin slightly increased from 59.2% to 60.2% in the same periods, primarily due to changes in the mix of standardized products.

Robots

Gross profit of robots sold through offline direct sales increased by 354.2% from RMB1.4 million in the six months ended June 30, 2025 to RMB6.2 million in the six months ended June 30, 2026, in line with this channel's revenue growth. Gross profit margin increased from 56.7% to 58.1% in the same periods, primarily due to (i) changes in product mix, with a higher proportion of sales of our higher-margin robots, and (ii) stronger pricing for our customized product offerings.

Gross profit of robots sold through distributorship channel decreased by 22.4% from RMB0.1 million in the six months ended June 30, 2025 to RMB0.09 million in the six months ended June 30, 2026. Gross profit margin decreased from 52.5% to 18.9% in the same periods, primarily due to changes in product mix, with a higher proportion of sales of our lower-margin robots.

Comparison between 2024 and 2025. Our gross profit increased by 293.5% from RMB15.4 million in 2024 to RMB60.6 million in 2025, primarily driven by increased offline direct sales of robotic actuator modules, while our gross profit margin increased from 19.3% to 21.5%, primarily due to the increase in the gross profit margin of such channel, mainly benefiting from lower unit costs as our material procurement scaled and production expanded.

Robotic Actuator Modules

Gross profit of robotic actuator modules sold through offline direct sales increased by 341.3% from RMB12.6 million in 2024 to RMB55.6 million in 2025, in line with this channel's revenue growth. Gross profit margin increased from 16.8% to 20.3% in the same periods, primarily due to (i) lower unit material cost through enhanced supply chain bargaining power and procurement efficiency, and (ii) lower unit labor and manufacturing overhead costs resulting from economies of scale and improved operational efficiency as our production expanded.

Gross profit of robotic actuator modules sold through online direct sales increased by 117.0% from RMB0.1 million in 2024 to RMB0.3 million in 2025, in line with this channel's revenue growth. Gross profit margin increased from 46.2% to 62.7% in the same periods, primarily due to improved product mix, with a higher proportion of this channel's revenue from our higher-margin robotic actuator modules, and the realization of scale efficiencies as our standardized product offerings matured. The gross profit margin of online direct sales was generally higher than that of offline direct sales, as retail pricing for individual consumers online is generally higher than volume-based pricing for enterprise customers offline.

Robots

Gross profit of robots sold through offline direct sales increased by 111.1% from RMB2.0 million in 2024 to RMB4.2 million in 2025, in line with our revenue growth in robots. Gross profit margin increased from 59.1% to 65.7% in the same periods, primarily due to an expanded product portfolio with additional accessories and configuration options, which enhanced our pricing flexibility.

Gross profit of robots sold through distributorship channel remained relatively stable at RMB0.7 million in 2024 and RMB0.5 million in 2025. Gross profit margin increased from 52.3% to 54.4% in the same periods. The lower gross profit margin in 2024 reflected a transitional period as we consolidated online direct sales into the distributorship channel. Following the commercial launch of TITA robot in the fourth quarter of 2024 and the completion of such consolidation, product mix and gross profit margin of the distributorship channel normalized.

Comparison between 2023 and 2024. Our gross profit increased by 551.8% from RMB2.4 million in 2023 to RMB15.4 million in 2024, primarily driven by increased offline direct sales of robotic actuator modules, and our gross profit margin increased from 13.5% to 19.3%, primarily due to the increase in the gross profit margin of such channel, driven by design and production-process improvements and the transition to commercial-scale mass production of robotic actuator modules.

Robotic Actuator Modules

Gross profit of robotic actuator modules sold through offline direct sales increased by 988.5% from RMB1.2 million in 2023 to RMB12.6 million in 2024, in line with this channel's significant revenue growth. Gross profit margin increased from 8.2% to 16.8% in the same periods, primarily due to (i) the completion of our first major design optimization initiative for robotic actuator modules, and (ii) the transition from small-batch production to volume manufacturing, with lower unit costs achieved through the commencement of commercial-scale mass production.

Gross profit of robotic actuator modules sold through online direct sales increased by 390.0% from RMB30 thousand in 2023 to RMB0.15 million in 2024, in line with this channel's revenue growth. Gross profit margin decreased from 53.6% to 46.2% in the same periods, primarily due to changes in product mix as we expanded our range of standardized products at varying prices.

Robots

Gross profit of robots sold through offline direct sales increased by 484.4% from RMB0.3 million in 2023 to RMB2.0 million in 2024, in line with our robot revenue growth. Gross profit margin increased from 21.0% to 59.1% in the same periods, primarily due to the introduction of TITA robot in late 2024.

Gross profit of robots sold through distributorship channel increased by 253.4% from RMB0.2 million in 2023 to RMB0.7 million in 2024, in line with our robot revenue growth. Gross profit margin increased from 36.0% to 52.3% in the same periods, primarily due to an improved product mix following the consolidation of sales from the online channel, which allowed us to focus on sales of the higher-priced TITA robot.

Gross profit of robots sold through online direct sales decreased from RMB0.6 million in 2023 to nil in 2024, as we consolidated our online direct sales for robots and redirected sales to the distributorship channel.

Gross Profit and Gross Profit Margin by Customer Types

The following table sets forth a breakdown by customer types of our gross profit, in absolute amounts and as percentages of revenue, or gross profit margins, for the periods indicated.

	Year ended December 31,						Six Months Ended June 30,			
	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)			
Robot providers	2,170	12.7	14,521	18.5	60,174	21.4	26,235	18.3	41,378	20.7
Research institutions	192	49.4	875	71.4	411	69.1	249	82.5	29	22.7
Total	**2,362**	**13.5**	**15,396**	**19.3**	**60,585**	**21.5**	**26,484**	**18.5**	**41,407**	**20.7**

Other Income and Gains

The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Other income										
Government grants	862	61.0	1,346	70.0	2,708	65.2	1,602	71.2	634	27.4
Bank interest income	61	4.3	21	1.1	100	2.4	32	1.4	503	21.8
Scrap sales	219	15.5	309	16.1	1,344	32.4	616	27.4	1,155	49.9
Gains										
Gains on financial assets at FVTPL	271	19.2	246	12.8	—	—	—	—	20	0.9
Total	**1,413**	**100.0**	**1,922**	**100.0**	**4,152**	**100.0**	**2,250**	**100.0**	**2,312**	**100.0**

Comparison between the six months ended June 30, 2025 and 2026. Our other income and gains slightly increased by 2.8% from RMB2.3 million in the six months ended June 30, 2025 to RMB2.3 million in the six months ended June 30, 2026, primarily attributable to (i) an increase in scrap sales of RMB0.5 million in line with an expansion in our production volume, and (ii) an increase in bank interest income of RMB0.5 million, partially offset by a decrease in government grants of RMB1.0 million in the same periods.

Comparison between 2024 and 2025. Our other income and gains increased by 116.0% from RMB1.9 million in 2024 to RMB4.2 million in 2025, which is primarily attributable to (i) an increase in government grants of RMB1.4 million, and (ii) an increase in scrap sales of RMB1.0 million, consistent with higher production volume, partially offset by a decrease in gains on financial assets at FVTPL from RMB0.2 million to nil in the same periods, as we no longer held structured deposits.

Comparison between 2023 and 2024. Our other income and gains increased by 36.0% from RMB1.4 million in 2023 to RMB1.9 million in 2024, primarily attributable to one-time R&D-related government grants of RMB0.5 million.

Selling and Distribution Expenses

The following table sets forth a breakdown of our selling and distribution expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Marketing and promotion expenses	4,711	44.1	5,921	50.7	5,015	38.8	3,413	49.0	2,595	31.5
Staff costs	3,952	37.1	3,997	34.3	6,187	47.8	2,791	40.1	3,001	36.5
Travel expenses	1,293	12.1	1,324	11.4	1,083	8.4	456	6.6	709	8.6
Share-based payment expenses	464	4.4	6	0.1	283	2.2	108	1.6	1,452	17.6
Others[(1)]	242	2.3	403	3.5	366	2.8	185	2.7	476	5.8
Total	**10,662**	**100.0**	**11,651**	**100.0**	**12,934**	**100.0**	**6,953**	**100.0**	**8,233**	**100.0**

Note:

(1) Others primarily include depreciation and amortization, rental expenses and utilities expenses.

Our selling and distribution expenses remained relatively stable at RMB10.7 million in 2023, RMB11.7 million in 2024 and RMB12.9 million in 2025, as our established sales team and infrastructure supported revenue growth without a proportionate increase in costs. Our selling and distribution expenses increased by 18.4% from RMB7.0 million in the six months ended June 30, 2025 to RMB8.2 million in the six months ended June 30, 2026, primarily attributable to an increase in share-based payment expenses of RMB1.3 million in line with our Employee Stock Ownership Schemes, as partially offset by a decrease in marketing and promotion expenses of RMB0.8 million, due to increased marketing and promotion activities in the six months ended June 30, 2025 in connection with the launch of new products.

Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Staff costs	7,298	49.9	9,569	27.5	17,021	17.2	6,960	52.9	7,794	9.4
Office expenses	1,581	10.8	1,833	5.3	2,887	2.9	1,495	11.4	2,645	3.2
Professional service fees	3,625	24.7	5,090	14.6	13,318	13.5	1,968	15.0	2,123	2.6
[REDACTED]	—	—	—	—	[REDACTED]	[REDACTED]	—	—	[REDACTED]	[REDACTED]
Travel expenses	870	5.9	370	1.1	777	0.8	202	1.5	854	1.0
Depreciation and amortization	615	4.2	1,946	5.6	1,776	1.8	969	7.4	1,784	2.1
Share-based payment expenses	266	1.8	14,839	42.6	52,196	52.9	565	4.3	49,591	59.7
Tax and surcharges	45	0.3	239	0.7	772	0.8	423	3.2	873	1.1
Others[(1)]	356	2.4	900	2.6	1,062	1.1	572	4.3	1,424	1.7
Total	**14,656**	**100.0**	**34,786**	**100.0**	**98,685**	**100.0**	**13,154**	**100.0**	**82,979**	**100.0**

Note:

(1) Others primarily include rental expenses and bank charges.

Our administrative expenses increased from RMB14.7 million in 2023 to RMB34.8 million in 2024, and further increased to RMB98.7 million in 2025. Our administrative expenses increased from RMB13.2 million in the six months ended June 30, 2025 to RMB83.0 million in the six months ended June 30, 2026. Such increases during the Track Record Period were primarily due to (i) higher share-based payment expenses recognized under our Employee Stock Ownership Scheme, mainly as a result of additional equity incentive grants made to directors and employees and the higher fair value of the equity interests granted during the Track Record Period (see Note 31 to "Appendix I - Accountants' Report"), and (ii) higher staff costs, office expenses and professional service fees in line with our business expansion, and (iii) non-recurring **[REDACTED]** expenses in connection with the **[REDACTED]** incurred in 2025 and the six months ended June 30, 2026.

Research and Development Expenses

Research and Development Expenses by Nature

The following table sets forth a breakdown by nature of our research and development expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Staff costs	23,902	61.3	29,678	69.0	35,605	64.2	16,327	60.8	21,773	40.7
Raw materials	9,952	25.5	8,743	20.4	9,407	17.0	7,449	27.7	13,094	24.4
Share-based payment expenses	1,320	3.4	506	1.2	6,278	11.3	1,057	3.9	11,662	21.8
Outsourced R&D expenses	827	2.1	627	1.5	158	0.3	48	0.2	3,063	5.7
IP and patent fees	798	2.0	1,071	2.5	775	1.4	334	1.2	664	1.2
Others[(1)]	2,241	5.7	2,299	5.4	3,214	5.8	1,678	6.2	3,331	6.2
Total	**39,040**	**100.0**	**42,924**	**100.0**	**55,437**	**100.0**	**26,893**	**100.0**	**53,587**	**100.0**

Note:

(1) Others primarily include depreciation and amortization and utilities expenses.

Research and Development Expenses by Product Categories

Our Directors confirmed that all R&D expenses incurred during the Track Record Period were solely related to our Specialist Technology Products. The following table sets forth a breakdown by product categories of our research and development expenses for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Robotic actuator module										
Robotic direct drive actuator modules										
Consumer applications	8,431	21.6	13,057	30.4	14,448	26.1	9,751	36.3	11,555	21.6
Industrial and commercial applications	9,628	24.7	7,609	17.7	11,486	20.7	4,506	16.7	7,861	14.7
Subtotal	18,059	46.3	20,666	48.1	25,934	46.8	14,257	53.0	19,416	36.3
Embodied joint modules	7,191	18.4	4,904	11.5	10,186	18.4	3,473	12.9	6,612	12.3
Subtotal	25,250	64.7	25,570	59.6	36,120	65.2	17,730	65.9	26,028	48.6
Robot	13,790	35.3	17,354	40.4	19,317	34.8	9,163	34.1	27,559	51.4
Total	**39,040**	**100.0**	**42,924**	**100.0**	**55,437**	**100.0**	**26,893**	**100.0**	**53,587**	**100.0**

Comparison between the six months ended June 30, 2025 and 2026. Our research and development expenses increased by 99.3% from RMB26.9 million in the six months ended June 30, 2025 to RMB53.6 million in the six months ended June 30, 2026, reflecting our greater allocation of resources to R&D efforts, which was primarily attributable to (i) an increase in share-based payment expenses of RMB10.6 million in line with our Employee Stock Ownership Schemes, (ii) an increase in raw materials of RMB5.6 million in support of our new and ongoing R&D activities, and (iii) an increase in staff costs of RMB5.4 million, due to an increase in our R&D personnel.

Comparison between 2024 and 2025. Our research and development expenses increased by 29.2% from RMB42.9 million in 2024 to RMB55.4 million in 2025, reflecting our continuous R&D efforts, which was primarily attributable to (i) an increase in staff costs of RMB5.9 million, (ii) an increase in share-based payment expenses of RMB5.8 million, and (iii) an increase in others of RMB0.9 million, all in line with our ongoing expansion and upgrade of product offerings.

Comparison between 2023 and 2024. Our research and development expenses increased by 9.9% from RMB39.0 million in 2023 to RMB42.9 million in 2024, primarily attributable to an increase in staff costs of RMB5.8 million in line with our expanded R&D activities, partially offset by a decrease in share-based payment expenses of RMB0.8 million.

Outsourced R&D expenses primarily consisted of fees paid to universities, research institutes, and specialized third-party developers for specific projects involving robotics algorithms, simulation systems, motor designs, and controller and driver solutions. We used these arrangements to access specialized expertise, supplement our internal resources, resolve specific technical issues, and accelerate development.

IP and patent fees primarily consisted of patent filing agency fees, grant fees, and annual maintenance fees for technologies we developed in-house, rather than payments to acquire or license third-party intellectual property.

Impairment Losses under Expected Credit Loss Model, Net

We recorded net impairment losses under expected credit loss model of RMB0.9 million, RMB2.9 million, RMB0.6 million, RMB1.2 million and RMB2.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Net impairment losses of financial assets or the reversal thereof during the Track Record Period were generally in line with the fluctuation in trade receivables.

Other Expenses and Losses

Our other expenses and losses remained relatively stable at RMB0.1 million and RMB0.5 million in 2023 and 2024, and such expenses and losses increased to RMB6.3 million in 2025, primarily due to fair value losses on derivative financial liabilities in relation to warrants granted to certain lenders as part of the Group's borrowing arrangements, the fair value of which increased as our Company's equity value grew during the periods. Both warrants were exercised or terminated by the end of 2025 and no further fair value losses are expected to be incurred. See Note 21 to the Accountants' Report in Appendix I. Our other expenses and losses increased from RMB1.0 million in the six months ended June 30, 2025 to RMB2.0 million in the six months ended June 30, 2026, primarily due to an increase in foreign exchange losses.

Finance Costs

We recorded finance costs of RMB1.7 million, RMB1.6 million, RMB1.7 million, RMB0.8 million and RMB0.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. The following table sets forth a breakdown of our finance costs, in absolute terms and as percentages of our total finance costs, for the periods indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)			
Interest expenses on:										
Bank borrowings and other loans	1,582	95.1	1,402	89.8	1,587	91.9	782	92.2	444	79.1
Amounts due to related parties	—	—	66	4.2	34	2.0	34	4.0	—	—
Lease liabilities	81	4.9	93	6.0	105	6.1	32	3.8	117	20.9
Total	**1,663**	**100.0**	**1,561**	**100.0**	**1,726**	**100.0**	**848**	**100.0**	**561**	**100.0**

Our finance costs remained relatively stable throughout the Track Record Period, decreasing slightly from RMB1.7 million in 2023 to RMB1.6 million in 2024, increasing slightly to RMB1.7 million in 2025. Our finance costs further decreased from RMB0.8 million in the six months ended June 30, 2025 to RMB0.6 million in the six months ended June 30, 2026. Interest expenses on amounts due to related parties represent interest on a short-term loan from Mr. Zhang, our executive Director and one of the Controlling Shareholders, which was fully paid in January 2025. See Note 35 to the Accountants' Report in Appendix I.

Changes in the Carrying Amount of the Redemption Liabilities

Changes in the carrying amount of the redemption liabilities amounted to a loss of RMB12.3 million, RMB16.8 million, RMB770.1 million, RMB11.2 million and RMB284.6 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. See "— Selected Balance Sheet Items — Current Assets/Liabilities — Redemption Liabilities on Equity shares."

Income Tax Expenses

We did not record income tax expenses in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, as we were loss making in the same periods. During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding tax obligations or unresolved tax disputes.

Loss for the Year/Period

As a result of the foregoing, our loss for the year increased by 23.9% from RMB75.6 million in 2023 to RMB93.7 million in 2024, and further increased by 840.2% from RMB93.7 million in 2024 to RMB881.0 million in 2025. Our loss for the period increased by 1,098.5% from RMB32.6 million in the six months ended June 30, 2025 to RMB390.7 million in the six months ended June 30, 2026.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirements mainly from operating activities, equity and debt financings. After the **[REDACTED]**, we intend to finance our future capital requirements through cash generated from our business operations, the net **[REDACTED]** from the **[REDACTED]**, 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 RMB0.4 million, RMB15.8 million, RMB353.9 million and RMB293.5 million as of December 31, 2023, 2024, 2025 and June 30, 2026, respectively.

Working Capital Sufficiency

Taking into account our available resources, including cash and cash equivalents on hand and the net estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the view, and the Sole Sponsor concurs, that we have sufficient working capital for our present requirements and to cover at least 100% of our costs for the next twelve months from the date of this document. These costs primarily comprise research and development expenses, selling and distribution expenses, and administrative expenses. 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. Our cash burn refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payments for property and equipment, (iii) payments for intangible assets, and (iv) lease payments. We regard these items as key indicators of our operational efficiency, reflecting payments which can significantly impact our cash flow, such as our capital expenditures representing significant cash outflows, our investment in intellectual property or technology, and the costs of lease obligations, all of which may arise on a recurring basis.

Our historical average monthly cash burn was RMB5.1 million, RMB6.1 million, RMB7.4 million and RMB13.2 million in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The increase in our cash burn during the Track Record Period primarily reflects our transition from early-stage commercialization to large-scale commercial operations, including (i) our continued investment in research and development activities to enhance our product offerings, (ii) expansion of our operational infrastructure to support business growth, and (iii) increased working capital requirements as our revenue scale expanded. The significant increase in our cash burn in the six months ended June 30, 2026 was primarily due to (i) increased R&D expenses, primarily driven by higher cash expenditures on raw materials and staff costs as we expanded our R&D activities and increased our R&D personnel, to better respond to strong market demand, and (ii) increased administrative expenses, primarily driven by higher staff costs, office expenses and professional service fees in line with our business expansion, as well as non-recurring **[REDACTED]** expenses incurred in connection with the **[REDACTED]**.

We have achieved significant revenue growth during the Track Record Period, from RMB17.5 million in 2023 to RMB79.8 million in 2024 and further to RMB281.7 million in 2025, and reached RMB143.3 million and RMB200.3 million in the six months ended June 30, 2025 and 2026, respectively, reflecting our rapid business expansion with greater penetration among existing customers and the continued expansion of our customer base over the same periods. Our gross profit margin improved from 13.5% in 2023 to 19.3% in 2024 and further to 21.5% in 2025, and increased from 18.5% in the six months ended June 30, 2025 to 20.7% in the same period in 2026, primarily due to our continuous design improvements and economies of scale in procurement and production. With a substantial portion of our operating expenses being fixed in nature and our ongoing cost control initiatives, we expect to benefit from operating leverage as revenue continues to scale.

We had cash and cash equivalents of RMB293.5 million as of June 30, 2026. We estimate that we will receive net **[REDACTED]** of approximately HK$**[REDACTED]** (equivalent of approximately RMB**[REDACTED]**) after deducting the **[REDACTED]** and expenses payable by us in the **[REDACTED]**, assuming no **[REDACTED]** is exercised and an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**. Assuming that our average monthly cash burn going forward will be RMB13.2 million, similar to the cash burn level in the six months ended June 30, 2026 to account for increased operating expenses in line with our business expansion, and considering that (i) we do not expect a material increase in the number of our employees; (ii) we do not expect substantial capital investment; and (iii) we do not expect significant acquisitions or investments, we estimate that our cash and cash equivalents as of June 30, 2026 will be able to maintain our financial viability for approximately **[REDACTED]** months from June 30, 2026 to **[REDACTED]**, or approximately **[REDACTED]** months from June 30, 2026 to **[REDACTED]** if we take into account **[REDACTED]**% of the estimated **[REDACTED]** from the **[REDACTED]**, or approximately **[REDACTED]** months from June 30, 2026 to **[REDACTED]** if we take into account **[REDACTED]**% of such **[REDACTED]**. We will continue to monitor our cash flows from operations closely and maintain our financial viability through a variety of means, including, among others, banking facilities and external financings. See "— Indebtedness."

We do not have any immediate plans to seek future financing after the **[REDACTED]** considering our available cash, **[REDACTED]** from the **[REDACTED]** and based on our cash burn. However, with the ongoing expansion of our business and development of our products and services, or if we discover suitable targets for acquisition or business collaboration, we cannot exclude the possibility that we may require further funding through public or private equity offerings, debt financing and other sources. We will comply with applicable laws and regulations, including requirements under the Listing Rules, when we proceed with such financings.

Cash Flow Analysis

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

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Net cash flows used in operating activities	(52,960)	(66,687)	(69,563)	(29,395)	(64,795)
Net cash flows used in investing activities	(2,950)	(4,787)	(16,389)	(8,079)	(12,949)
Net cash flows generated from financing activities	17,536	86,902	424,220	182,668	19,170
Net (decrease)/increase in cash and cash equivalents	**(38,374)**	**15,428**	**338,268**	**145,194**	**(58,574)**
Cash and cash equivalents at the beginning of the year/period	38,786	412	15,840	15,840	353,871
Effect of foreign exchange rate changes, net	—	—	(237)	—	(1,775)
Cash and cash equivalents at the end of the year/period	**412**	**15,840**	**353,871**	**161,034**	**293,522**

Net Cash Flows Used in Operating Activities

In the six months ended June 30, 2026, we had net cash flows used in operating activities of RMB64.8 million, primarily attributable to loss before tax of RMB390.7 million, adjusted by (i) non-cash and non-operating items, mainly including changes in the carrying amount of the redemption liabilities of RMB284.6 million, and share-based payment expenses of RMB62.7 million, and (ii) changes in working capital, primarily including an increase in trade and bills receivables of RMB93.8 million and an increase in inventories of RMB52.6 million, partially offset by an increase in trade payables of RMB88.4 million.

In 2025, we had net cash flows used in operating activities of RMB69.6 million, which was primarily attributable to our loss before tax of RMB881.0 million, adjusted by items mainly including (i) non-cash and non-operating items, mainly including changes in the carrying amount of the redemption liabilities of RMB770.1 million, share-based payment expenses of RMB58.8 million, and depreciation of property, plant and equipment of RMB4.3 million, and (ii) changes in working capital, primarily relating to an increase in trade and bills receivables of RMB39.1 million and an increase in debt investment at FVOCI of RMB22.7 million, partially offset by an increase in other payables and accruals of RMB24.2 million.

In 2024, we had net cash flows used in operating activities of RMB66.7 million, which was primarily attributable to our loss before tax of RMB93.7 million, adjusted by items mainly including (i) non-cash and non-operating items, primarily comprising changes in the carrying amount of the redemption liabilities of RMB16.8 million, share-based payment expenses of RMB15.4 million, and (ii) changes in working capital, primarily relating to an increase in trade receivables of RMB34.6 million and an increase in inventories of RMB14.0 million, which were partially offset by an increase in trade payables of RMB27.1 million.

In 2023, we had net cash flows used in operating activities of RMB53.0 million, which was primarily attributable to our loss before tax of RMB75.6 million, adjusted by items mainly including (i) non-cash and non-operating items, primarily comprising changes in the carrying amount of the redemption liabilities of RMB12.3 million, share-based payment expenses of RMB2.1 million and write-down of inventories to net realizable value of RMB2.9 million, and (ii) changes in working capital, primarily relating to an increase in inventories of RMB12.0 million and an increase in trade receivables of RMB6.3 million, which were partially offset by an increase in trade payables of RMB9.1 million and an increase in other payables and accruals of RMB8.1 million.

To improve our net operating cash outflow position, we will (i) improve our profitability, mainly through advancing our core technologies, iterating our products to broaden their application scenarios, and enhancing engagement with strategic customers; (ii) negotiate with key suppliers for more favorable credit terms; (iii) strengthen trade receivables management, conducting credit history checks, tracking customers' payment status and taking proactive collection measures for overdue trade receivables; and (iv) enhance our inventory monitoring system and dynamically adjust our procurement strategies, production plans and sales forecasts.

Net Cash Flows Used in Investing Activities

In the six months ended June 30, 2026, our net cash flows used in investing activities were RMB12.9 million, primarily consisting of purchases of items of property, plant and equipment and purchase of financial instruments, partially offset by disposal of financial instruments.

In 2025, our net cash flows used in investing activities were RMB16.4 million, primarily consisting of purchases of items of property, plant and equipment.

In 2024, our net cash flows used in investing activities were RMB4.8 million, primarily consisting of purchases of items of property, plant and equipment, partially offset by disposal of financial assets at fair value through profit or loss. In 2023, our net cash flows used in investing activities was RMB3.0 million, primarily consisting of purchases of items of property, plant and equipment, partially offset by disposal of financial assets at fair value through profit or loss.

Net Cash Flows Generated from Financing Activities

In the six months ended June 30, 2026, our net cash flows generated from financing activities were RMB19.2 million, primarily comprising proceeds from redemption liabilities, partially offset by (i) repayment of bank loans and (ii) redemption liabilities issue expenses.

In 2025, our net cash flows generated from financing activities were RMB424.2 million, primarily comprising (i) proceeds from redemption liabilities and (ii) new bank loans, partially offset by (i) repayment of bank loans and (ii) redemption liabilities issue expenses. In 2024, our net cash flows generated from financing activities were RMB86.9 million, primarily comprising (i) proceeds from issue of shares and (ii) new bank loans, partially offset by (i) repayment of bank loans and (ii) repayment of other loans. In 2023, our net cash flows generated from financing activities were RMB17.5 million, primarily comprising (i) proceeds from issue of shares and (ii) new bank loans, partially offset by (i) repayment of other loans and (ii) repayment of bank loans.

We have taken measures to improve our cash flow position, including (i) completing our Series C financing in December 2025, raising aggregate proceeds of RMB185.4 million, (ii) increasing our bank credit facilities in December 2025, and (iii) strengthening our working capital management, including enhancing our trade receivables collection efficiency and optimizing our inventory management.

Cash Operating Costs

The following table sets forth a breakdown of our cash operating costs for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Workforce employment[(1)]	37,756	48,015	68,256	31,719	40,020
Research and development costs[(2)]	12,814	11,702	11,742	8,687	19,202
Direct production costs, including materials[(3)]	7,152	41,971	150,297	77,086	110,196
Products marketing[(4)]	6,094	7,465	6,270	3,962	3,623
Total	**63,816**	**109,153**	**236,565**	**121,454**	**173,041**

Notes:

(1) Workforce employment expenses under cash operating costs represent the sum of employee benefit expenses under our cost of sales, research and development expenses, administrative expenses, and selling and marketing expenses, excluding non-cash share-based compensation expenses. This amount is then adjusted for changes in working capital related to employee benefit expenses between the previous and current period ends.

(2) Research and development costs under cash operating costs represent our research and development expenses, excluding employee benefit expenses and other non-cash items such as depreciation and amortization. This amount is then adjusted for changes in working capital related to research and development activities between the previous and current period ends.

(3) Direct production costs under cash operating costs represent our cost of sales, excluding employee benefit expenses and other non-cash items. This amount is then adjusted for changes in working capital related to production activities between the previous and current period ends.

(4) Selling and marketing expenses under cash operating costs represent our selling and marketing expenses, excluding employee benefit expenses and other non-cash items. This amount is then adjusted for changes in working capital related to sales and marketing activities between the previous and current period ends.

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 June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*
Current Assets					
Inventories	13,834	26,222	32,120	82,571	88,831
Trade and bills receivables	9,098	40,794	79,439	170,739	166,787
Debt investments at fair value through other comprehensive income	—	—	22,725	11,424	9
Prepayments, other receivables and other assets	2,847	3,680	22,404	36,915	41,635
Cash and cash equivalents	412	15,840	353,871	293,522	264,044
Total current assets	**26,191**	**86,536**	**510,559**	**595,171**	**561,306**
Current liabilities					
Trade payables	9,589	36,681	62,397	150,826	134,863
Contract liabilities	344	642	1,751	6,077	6,378
Other payables and accruals	11,364	16,969	37,126	55,528	54,331
Interest-bearing bank borrowings	16,313	23,952	40,528	26,919	26,319
Lease liabilities	1,986	2,244	3,353	6,420	5,826
Provisions	61	217	357	508	526
Redemption liabilities	115,759	202,550	1,409,488	1,738,922	1,738,922
Financial liabilities measured at fair value through profit or loss	2,411	2,856	—	—	—
Total current liabilities	**157,827**	**286,111**	**1,555,000**	**1,985,200**	**1,967,165**
Net current liabilities	**(131,636)**	**(199,575)**	**(1,044,441)**	**(1,390,029)**	**(1,405,859)**

Comparison between June 30, 2026 and July 31, 2026. Our net current liabilities increased by 1.1% from RMB1,390.0 million as of June 30, 2026 to RMB1,405.9 million as of July 31, 2026, primarily due to (i) a decrease in cash and cash equivalents of RMB29.5 million, and (ii) a decrease in debt investments at fair value through other comprehensive income of RMB11.4 million, partially offset by a decrease in trade payables of RMB16.0 million.

Comparison between December 31, 2025 and June 30, 2026. Our net current liabilities increased by 33.1% from RMB1,044.4 million as of December 31, 2025 to RMB1,390.0 million as of June 30, 2026, primarily due to (i) an increase in redemption liabilities of RMB329.4 million, and (ii) an increase in trade payables of RMB88.4 million, partially offset by (i) an increase in trade and bills receivables of RMB91.3 million, and (ii) an increase in inventories of RMB50.5 million.

Comparison between December 31, 2024 and December 31, 2025. Our net current liabilities increased by 423.3% from RMB199.6 million as of December 31, 2024 to RMB1,044.4 million as of December 31, 2025, primarily due to (i) an increase in redemption liabilities of RMB1,206.9 million, which was mainly attributable to new pre-**[REDACTED]** investments received during the year and the increase in fair value of existing redemption liabilities in line with the growth in the equity value of our Group and (ii) an increase in trade payables of RMB25.7 million, partially offset by (i) an increase in cash and cash equivalents of RMB338.0 million, and (ii) an increase in trade and bills receivables of RMB38.6 million.

Comparison between December 31, 2023 and December 31, 2024. Our net current liabilities increased by 51.6% from RMB131.6 million in 2023 to RMB199.6 million in 2024, primarily due to (i) an increase in redemption liabilities of RMB86.8 million, and (ii) an increase in trade payables of

RMB27.1 million, partially offset by (i) an increase in trade and bills receivables of RMB31.7 million, (ii) an increase in cash and cash equivalents of RMB15.4 million, and (iii) an increase in inventories of RMB12.4 million.

We have taken measures to improve our net current liabilities position, including (i) optimizing our debt structure by refinancing short-term borrowings into longer-term facilities; (ii) enhancing cash flow generation by expanding our customer base and accelerating accounts receivable collection; and (iii) managing capital expenditure in line with project pipeline and revenue visibility.

Inventories

Our inventories consist of (i) raw materials, (ii) work in progress, (iii) finished goods and (iv) goods in transit and contract costs. The following table sets forth our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	7,299	13,164	22,127	52,602
Work in progress	1,490	4,454	6,551	5,502
Finished goods	4,666	7,315	3,442	21,356
Goods in transit and contract costs	379	1,289	—	3,111
Total	**13,834**	**26,222**	**32,120**	**82,571**

Our inventories increased by 157.1% from RMB32.1 million as of December 31, 2025 to RMB82.6 million as of June 30, 2026, primarily due to (i) an increase in raw materials of RMB30.5 million, and (ii) an increase in finished goods of RMB17.9 million, reflecting our strategic inventory buildup to support our rapid business expansion and ensure production continuity in preparation for the planned relocation of our production facilities in July and August. Our inventories increased by 22.5% from RMB26.2 million as of December 31, 2024 to RMB32.1 million as of December 31, 2025, primarily due to (i) an increase in raw materials of RMB9.0 million, and (ii) an increase in work in progress of RMB2.1 million, reflecting our strategic inventory buildup in line with the business growth. Our inventories increased by 89.5% from RMB13.8 million as of December 31, 2023 to RMB26.2 million as of December 31, 2024, primarily due to (i) an increase in raw materials of RMB5.9 million, (ii) an increase in work in progress of RMB3.0 million, and (iii) an increase in finished goods of RMB2.6 million, primarily driven by our strategic inventory buildup to support the commencement of commercial-scale mass production of our direct drive actuator modules for consumer robots in the fourth quarter of 2024. We believe that by maintaining optimal inventory levels, we can meet our consumer demand and ensure their satisfaction without compromising our liquidity. To this end, we have established a set of policies and procedures to manage our inventories. See "Business — Logistics and Warehousing."

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	15,684	25,760	30,576	84,015
One year to two years	1,073	1,992	2,309	390
Two years to three years	—	83	584	397
Over three years	—	—	8	26
Inventory write-downs	(2,923)	(1,613)	(1,357)	(2,257)
Total	**13,834**	**26,222**	**32,120**	**82,571**

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

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Inventory turnover days[(1)]	221	112	47	65

Note:

(1) Inventory turnover days are calculated based on the average of the beginning and closing balances of inventories, net of inventory write-downs, of the relevant period, divided by cost of sales for the same period and multiplied by 360 days for 2023, 2024, 2025 and 180 days for the six months ended June 30, 2026.

Our inventory turnover days decreased from 221 days in 2023 to 112 days in 2024 and further to 47 days in 2025, driven by (i) the acceleration of the robot industry with rapid growth in demand and significant increase in shipment volumes of our products, and (ii) our continued optimization of inventory management alongside the expansion of commercial-scale production. Our inventory turnover days increased from 47 days in 2025 to 65 days in the six months ended June 30, 2026, primarily due to our strategic inventory buildup to support our rapid business expansion and ensure production continuity in preparation for the planned relocation of our production facilities in July and August.

As of July 31, 2026, RMB42.7 million, or 50.4%, of our inventories as of June 30, 2026 had been sold or utilized.

Trade and Bills Receivables

Our trade and bills receivables represent bills receivables and trade receivables, generally settled within one year. See "Business — Sales and Marketing — Our Sales Channel — Our Direct Sales" for details. The following table sets forth our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivables	—	—	2,206	2,618
Trade receivables	10,147	44,698	81,628	174,994
Less: Allowance for credit losses	(1,049)	(3,904)	(4,395)	(6,873)
Total	**9,098**	**40,794**	**79,439**	**170,739**

Our trade and bills receivables increased by 114.9% from RMB79.4 million as of December 31, 2025 to RMB170.7 million as of June 30, 2026, primarily due to our business expansion. Our trade and bills receivables increased by 94.7% from RMB40.8 million as of December 31, 2024 to RMB79.4 million as of December 31, 2025, primarily attributable to our business growth. Our trade and bills receivables increased by 348.4% from RMB9.1 million as of December 31, 2023 to RMB40.8 million as of December 31, 2024, primarily attributable to (i) our business growth, and (ii) concentrated sales in the fourth quarter of 2024, resulting in higher year-end balances.

The following table sets forth an aging analysis of our trade and bills receivables based on revenue recognition date and net of loss allowance as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	8,891	40,593	79,080	170,385
1 year to 2 years	207	201	341	159
2 years to 3 years	—	—	18	195
Total	**9,098**	**40,794**	**79,439**	**170,739**

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

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Trade and bills receivable turnover days(1)	131	113	77	112

Note:

(1) Trade and bills receivables turnover days are calculated based on the average of opening and closing balances of trade and bills receivables less allowance for credit losses for the relevant period, divided by revenue for the same period and multiplied by 360 days for 2023, 2024 and 2025 and 180 days for the six months ended June 30, 2026.

Our trade and bills receivables turnover days decreased from 131 days in 2023 to 113 days in 2024 and further to 77 days in 2025. The relatively higher turnover days in 2023 was primarily attributable to a high opening balance of trade receivables at the beginning of 2023, as our business was at an early stage of commercialization in 2022. As our revenue base expanded and stabilized throughout the Track Record Period, the turnover days normalized to levels more reflective of our standard credit terms, and continued to improve as a result of our enhanced collection efficiency. Our turnover days increased to 112 days in the six months ended June 30, 2026, primarily due to changes in our customer mix and credit terms as we expanded our customer base and entered into emerging application areas.

Our trade and bills receivables turnover days exceeded our standard credit terms of 30 to 90 days during the Track Record Period. The relatively longer turnover days in 2023 were primarily due to extended customer testing and evaluation cycles as our business was at an early stage of commercialization. In 2024, our turnover days were primarily affected by a concentration of sales orders in the fourth quarter, resulting in a higher year-end trade receivables balance. Our turnover days decreased to 77 days in 2025, consistent with our standard credit terms. The relatively longer turnover days in the six months ended June 30, 2026 was primarily due to changes in our customer mix and credit terms as we expanded our customer base and entered into emerging application areas.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant losses associated with our trade receivables, and the fluctuation in our trade receivables did not have any material adverse impact on our liquidity or cash flows.

As of August 31, 2026, RMB50.0 million, or 28.1%, of our trade and bills receivables as of June 30, 2026, had been settled. The low level of subsequent settlement was primarily because a substantial portion of our trade and bills receivables as of June 30, 2026 had not yet fallen due as of August 31, 2026, given our credit terms of generally 30 to 90 days. Our management team periodically assesses the recoverability based on historical settlement records, past experience, as well as forward-looking information. As of December 31, 2023, 2024, 2025, and June 30, 2026, we recognized provisions for impairment of trade receivables of RMB1.0 million, RMB3.9 million, RMB4.4 million and RMB6.9 million, respectively. The provisions recognized during the Track Record Period reflect our assessment of expected credit losses on outstanding receivables at the respective dates. Considering that the majority of our trade and bills receivables during the Track Record Period aged within one year, we believe there is no material recoverability issue for our trade and bills receivables, and that the provisions made are sufficient.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) value-added tax recoverable, (ii) prepayments, (iii) due from related parties, (iv) deferred **[REDACTED]** expenses, and (v) other receivables and deposit. The following table sets forth our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Value-added tax recoverable	2,173	2,663	10,443	23,057
Prepayments	291	337	6,111	6,903
Due from related parties	31	1	1,292	275
Deferred **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables and deposit	355	689	2,167	1,608
Less: Provision for impairment	(3)	(10)	(71)	(31)
Total	**2,847**	**3,680**	**22,404**	**36,915**

Our prepayments, deposits and other receivables increased by 64.8% from RMB22.4 million as of December 31, 2025 to RMB36.9 million as of June 30, 2026, primarily due to (i) an increase in value-added tax recoverable of RMB12.6 million, driven by increased procurement activities as our business expanded; and (ii) an increase in deferred **[REDACTED]** of RMB2.6 million incurred in connection with the **[REDACTED]**.

Our prepayments, deposits and other receivables increased by 508.8% from RMB3.7 million as of December 31, 2024 to RMB22.4 million as of December 31, 2025. The increase was primarily due to (i) an increase in prepayments of RMB5.8 million, driven by initial progress payments made in the third quarter of 2025 for long-term outsourced development projects with university partners, (ii) an increase in amounts due from related parties of RMB1.3 million, and (iii) an increase in other receivables and deposit of RMB1.5 million, primarily from deposits paid for expanded production and R&D facilities. See Note 35 to the Accountants' Report in Appendix I.

Our prepayments, deposits and other receivables increased by 29.3% from RMB2.8 million as of December 31, 2023 to RMB3.7 million as of December 31, 2024. The increase was primarily due to (i) an increase in value-added tax recoverable of RMB0.5 million, driven by increased procurement of raw materials and fixed assets to support surging production, and (ii) an increase in other receivables and deposit of RMB0.3 million, driven by deposits paid for expanded production and R&D facilities.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of (i) cash and bank balances, and (ii) cash held at third party payment platforms. The following table sets forth our cash and cash equivalents as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	397	15,840	353,217	252,362
Cash held at third party payment platforms	15	—	654	44
Time deposits	—	—	—	41,116
Total	**412**	**15,840**	**353,871**	**293,522**

Our cash and cash equivalents decreased by 17.1% from RMB353.9 million as of December 31, 2025 to RMB293.5 million as of June 30, 2026, primarily due to a decrease in cash and bank balances of RMB100.9 million, mainly attributable to (i) our investments in inventory expansion, (ii) increased operating expenses, and (iii) investments in fixed assets, which were in line with our business expansion, partially offset by an increase in time deposits of RMB41.1 million. Our cash and cash equivalents increased by 2,134.0% from RMB15.8 million as of December 31, 2024 to RMB353.9 million as of December 31, 2025. The increase was primarily due to an increase in cash and bank balances of RMB337.4 million, which was primarily attributable to the completion of multiple rounds of equity financing in 2025 to support our business growth. Our cash and cash equivalents increased by 3,744.7% from RMB0.4 million as of December 31, 2023 to RMB15.8 million as of December 31, 2024. The increase was primarily due to an increase in cash and bank balances of RMB15.4 million, which was primarily attributable to an increase in our bank loans in support of operating cash flows in line with our business growth.

Trade Payables

Our trade payables primarily represent amounts owed to our suppliers for procurement of goods. Our trade payables increased by 141.7% from RMB62.4 million as of December 31, 2025 to RMB150.8 million as of June 30, 2026, primarily due to an increase in our procurement volume driven by our business expansion. Our trade payables increased by 70.1% from RMB36.7 million as of December 31, 2024 to RMB62.4 million as of December 31, 2025, primarily due to (i) our sales growth, and (ii) our increased bargaining power to obtain more favorable credit terms from our suppliers with an increase in our procurement volume. Our trade payables increased by 282.5% from RMB9.6 million as of December 31, 2023 to RMB36.7 million as of December 31, 2024, primarily because of a surge in procurement volume in raw materials in the fourth quarter of 2024 in line with our sales growth.

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Within 1 year	9,589	36,681	62,397	150,826
Total	**9,589**	**36,681**	**62,397**	**150,826**

Our trade payables are non-interest-bearing and are normally settled on terms of two to three months. See Note 24 to the Accountants' Report in Appendix I.

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

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Trade payable turnover days(1)	119	129	81	121

Note:

(1) Trade payables turnover days are calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by our cost of sales for the same period and multiplied by 360 days for 2023, 2024, 2025 and 180 days for the six months ended June 30, 2026.

Our trade payables turnover days increased from 119 days in 2023 to 129 days in 2024, primarily due to more favorable credit terms obtained from suppliers as our procurement volume scaled up in line with business expansion. Our trade payables turnover days decreased from 129 days in 2024 to 81 days in 2025, primarily due to the significant increase in cost of sales in line with our revenue growth. Our trade payables turnover days increased from 81 days in 2025 to 121 days in the six months ended June 30, 2026, primarily due to our enhanced bargaining power to secure more favorable credit terms. Our trade payables turnover days generally exceeded our standard payment terms during the Track Record Period. The relatively longer turnover days in 2023 were primarily due to the lower and less frequent procurement volume at the early stage of our commercialization. In 2024, our turnover days were primarily affected by the concentration of procurement in the fourth quarter in line with our sales growth, resulting in a higher year-end trade payables balance. Our trade payables turnover days decreased to 81 days in 2025 as our procurement volume scaled and normalized, which was within our payment terms with our suppliers. The increase in our trade payables turnover days in the six months ended June 30, 2026 was primarily due to our enhanced bargaining power to secure more favorable credit terms. In addition, turnover days may generally be longer than contractual credit terms as turnover days reflect the period from goods receipt to actual payment, which includes processing time before the credit period commences. As discussed above, during the Track Record Period, the aggregate of our inventory turnover days and trade and bills receivables turnover days exceeded our trade payables turnover days, primarily due to longer inventory and collection cycles as we continued to expand our business operations. Our cash conversion cycle improved significantly as our business scaled, and we managed our working capital requirements through negotiating payment terms with our suppliers, optimizing our payment methods, and utilizing bank credit facilities.

As of July 31, 2026, RMB44.9 million, or 29.8%, of total trade payables as of June 30, 2026, had been subsequently settled.

Contract Liabilities

Our current contract liabilities primarily include advances from customers for the sale of products. Our contract liabilities increased by 86.6% from RMB0.3 million as of December 31, 2023 to RMB0.6 million as of December 31, 2024, primarily due to an increase in advances received from a customer in 2024. Our contract liabilities increased by 172.7% from RMB0.6 million as of December 31, 2024 to RMB1.8 million as of December 31, 2025, primarily due to an increase in advances from a customer in 2025 under a prepaid arrangement for developing a new robotic product. Our current contract liabilities increased by 247.1% from RMB1.8 million as of December 31, 2025 to RMB6.1 million as of June 30, 2026, primarily due to an increase in advances received from customers for orders for which the related products have not yet been delivered.

As of July 31, 2026, RMB0.6 million, or 9.9%, of our contract liabilities as of June 30, 2026, had been subsequently recognized as revenue.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll payables, (ii) taxes payable, and (iii) other accrued expenses. Our other payables and accruals increased by 49.6% from RMB37.1 million as of December 31, 2025 to RMB55.5 million as of June 30, 2026, primarily due to (i) an increase in other tax payables, and (ii) an increase in payables for property, plant and equipment and **[REDACTED]**, in line with our business expansion. Our other payables and accruals increased by 118.8% from RMB17.0 million as of December 31, 2024 to RMB37.1 million as of December 31, 2025, primarily due to (i) an increase in payroll payables, and (ii) an increase in payables for share **[REDACTED]**, in line with our business growth. Such balance increased by 49.3% from RMB11.4 million as of December 31, 2023 to RMB17.0 million as of December 31, 2024, primarily due to (i) an increase in payroll payables, and (ii) an increase in taxes payable, in line with our business expansion.

Redemption Liabilities on Equity Shares

Our redemption liabilities on equity shares primarily represent the financing with special rights (including the right of redemption (put option), liquidation preference and anti-dilution) received from the Pre-**[REDACTED]** Investors. Our redemption liabilities increased by 75.0% from RMB115.8 million as of December 31, 2023 to RMB202.6 million as of December 31, 2024, and further increased by 595.9% to RMB1,409.5 million as of December 31, 2025 and by 23.4% to RMB1,738.9 million as of June 30, 2026, primarily due to (i) the increase in fair value of existing redemption liabilities as the value of our

Group grew, and (ii) new Pre-**[REDACTED]** investments. See "History, Development and Corporate Structure — Pre-**[REDACTED]** Investments."

Provision

Our provision primarily consists of product warranty provision. Our provision increased by 255.7% from RMB0.06 million as of December 31, 2023 to RMB0.2 million as of December 31, 2024, and further increased by 64.5% to RMB0.4 million as of December 31, 2025 and by 42.3% to RMB0.5 million as of June 30, 2026, primarily due to the expansion in our business scale and the corresponding increase in expected repair and maintenance costs for our products.

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 June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets				
Property, plant and equipment	7,182	10,110	23,041	34,067
Right-of-use assets	3,418	2,090	8,347	18,327
Prepayments, deposits and other non-current assets	2,751	2,447	3,784	8,275
Total non-current assets	**13,351**	**14,647**	**35,172**	**60,669**
Non-current liabilities				
Interest-bearing bank loans	—	13,200	4,250	4,000
Lease liabilities	2,081	481	5,838	14,010
Total non-current liabilities	**2,081**	**13,681**	**10,088**	**18,010**

Property, Plant and Equipment

Our property, plant and equipment consist of (i) office equipment and fixtures, (ii) machinery and equipment, (iii) leasehold improvements, and (iv) construction in progress. The following table sets forth our property, plant and equipment as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Office equipment and fixtures	1,453	1,019	1,081	1,421
Machinery and equipment	3,237	6,591	17,315	17,807
Leasehold improvements	2,492	1,337	182	1,943
Construction in progress	—	1,163	4,463	12,896
Total	**7,182**	**10,110**	**23,041**	**34,067**

The carrying amount of our property, plant and equipment increased by 47.9% from RMB23.0 million as of December 31, 2025 to RMB34.1 million as of June 30, 2026, primarily attributable to (i) an increase in construction in progress of RMB8.4 million, and (ii) an increase in leasehold improvements of RMB1.8 million, as part of our preparations for the planned relocation of our production facilities in July and August. The carrying amount of our property, plant and equipment increased by 127.9% from RMB10.1 million as of December 31, 2024 to RMB23.0 million as of December 31, 2025, primarily attributable to (i) an increase in machinery and equipment of RMB10.7 million, primarily for the addition of automated production lines, and (ii) an increase in construction in progress of RMB3.3 million, primarily for the ongoing construction of automated production lines, partially offset by a decrease in leasehold improvements of RMB1.2 million, mainly due to regular amortization of earlier renovation costs. The carrying amount of our property, plant and equipment increased by 40.8% from RMB7.2 million as of December 31, 2023 to RMB10.1 million as of December 31, 2024, primarily attributable to (i) an increase in machinery and equipment of RMB3.4 million, to support the scaling up of production capacity for robotic direct drive actuator modules, and (ii) an increase in construction in progress of RMB1.2 million, primarily for the construction of automated production lines, partially offset by a decrease in leasehold improvements of RMB1.2 million, mainly due to regular amortization of earlier renovation costs.

Right-of-use Assets

Our right-of-use assets represent carrying amount of our leased offices and factories for our operations. Such leases typically have a term of one to five years. Our right-of-use assets decreased by 38.9% from RMB3.4 million as of December 31, 2023 to RMB2.1 million as of December 31, 2024, primarily due to regular depreciation of existing leased assets. Our right-of-use assets increased by 299.4% from RMB2.1 million as of December 31, 2024 to RMB8.3 million as of December 31, 2025, and further increased by 119.6% to RMB18.3 million as of June 30, 2026, primarily due to new leases entered into for additional manufacturing facilities.

Prepayments, Deposits and Other Non-Current Assets

Our prepayments, deposits and other non-current assets primarily consist of (i) prepayments for property, plant and equipment and (ii) other receivables and deposits. The following table sets forth our prepayments, deposits and other non-current assets as of the dates indicated.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for property, plant and equipment	2,325	1,773	2,488	6,287
Other receivables and deposits	448	709	1,364	2,093
Less: Provision for impairment[(1)]	(22)	(35)	(68)	(105)
Total	**2,751**	**2,447**	**3,784**	**8,275**

Note:

(1) We conducted impairment assessments on our non-current assets, in accordance with IAS 36 as of December 31, 2023, 2024, 2025 and June 30, 2026. Based on these assessments, the recoverable amount of our assets exceeded their carrying amounts, and accordingly no impairment loss was recognized during the Track Record Period. For details, see Note 13 to the Accountants' Report in Appendix I.

Our prepayments, deposits and other non-current assets decreased by 11.1% from RMB2.8 million as of December 31, 2023 to RMB2.4 million as of December 31, 2024. The decrease was primarily attributable to the transfer of prepayments for property, plant and equipment of RMB0.6 million to property, plant and equipment upon delivery of the relevant equipment. Our prepayments, deposits and other non-current assets increased by 54.6% from RMB2.4 million as of December 31, 2024 to RMB3.8 million as of December 31, 2025. The increase was primarily due to (i) an increase in prepayments for property, plant and equipment of RMB0.7 million and (ii) an increase in other receivables and deposits of RMB0.7 million, primarily rental deposits paid for our newly leased properties. Our prepayments, deposits and other non-current assets increased by 118.7% from RMB3.8 million as of December 31, 2025 to RMB8.3 million as of June 30, 2026, primarily due to an increase in prepayments for property, plant and equipment of RMB3.8 million, in line with our capacity expansion.

INDEBTEDNESS

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

	As of December 31,			As of June 30,	As of July 31,
	2023	2024	2025	2026	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)
Current					
Interest-bearing bank borrowings	16,313	23,952	40,528	26,919	26,319
Lease liabilities	1,986	2,244	3,353	6,420	5,826
Amounts due to a related party	727	1,742	—	—	—
Redemption liabilities	115,759	202,550	1,409,488	1,738,922	1,738,922
Non-current					
Interest-bearing bank borrowings	—	13,200	4,250	4,000	4,000
Lease liabilities	2,081	481	5,838	14,010	13,582
Total	**136,866**	**244,169**	**1,463,457**	**1,790,271**	**1,788,649**

Interest-Bearing Bank Borrowings

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, our interest-bearing bank borrowings, including current and non-current portion, amounted to RMB16.3 million, RMB37.2 million, RMB44.8 million, RMB30.9 million, and RMB30.3 million, respectively, representing both short-term and long-term bank loans. During the Track Record Period, our interest-bearing bank loans and other loans were all denominated in RMB with effective interest rates ranging from 2.30% to 6.00%. Our bank loans and other loans during the Track Record Period were guaranteed by Mr. Zhang, our Director and Chief Executive Officer. As of August 11, 2026, the guarantees provided by Mr. Zhang have been fully released. As of the Latest Practicable Date, we did not have any unutilized banking facilities. See Note 26 to the Accountants' Report in Appendix I for further information regarding our interest-bearing bank loans and other loans. 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.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices and factories. As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, our lease liabilities, including current and non-current portion, amounted to RMB4.1 million, RMB2.7 million, RMB9.2 million, RMB20.4 million and RMB19.4 million, respectively, mainly representing lease liabilities under leases for our offices and factories. The decrease in our lease liabilities from RMB4.1 million as of December 31, 2023 to RMB2.7 million as of December 31, 2024 was primarily attributable to the termination of certain leased premises ahead of schedule. The increase in our lease liabilities from RMB2.7 million as of December 31, 2024 to RMB9.2 million as of December 31, 2025 was primarily due to our entry into new leases for premises to support our business expansion. The increase in our lease liabilities from RMB9.2 million as of December 31, 2025 to RMB20.4 million as of June 30, 2026 was primarily due to new leases for premises to support our business expansion.

Amounts Due to a Related Party

As of December 31, 2023, 2024, 2025, June 30, 2026 and July 31, 2026, we had amounts due to Mr. Zhang, our executive Director and one of the Controlling Shareholders, of RMB0.7 million, RMB1.7 million, nil, nil and nil, respectively. The balance as of December 31, 2024 included a short-term loan of RMB1.0 million which was fully paid in January 2025. Other balances were non-trade in nature and interest-free, and were fully paid in December 2025. See Note 35 to the Accountants' Report in Appendix I.

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.

No Other Outstanding Indebtedness

Except as disclosed above, as of July 31, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since July 31, 2026.

CAPITAL EXPENDITURE

Our capital expenditures consisted of purchases of items of property, plant and equipment. Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 were RMB8.2 million, RMB5.0 million, RMB16.4 million, RMB8.1 million and RMB13.0 million, respectively.

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities and equity and debt financings. We had not experienced any difficulty in obtaining additional equity or debt financing during the Track Record Period and up to the Latest Practicable Date. 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 net **[REDACTED]** from the **[REDACTED]**. See "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" for further details about our planned capital expenditure. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024, 2025 and June 30, 2026, our capital commitments amounted to RMB1.4 million, RMB4.1 million, RMB11.1 million and RMB15.8 million, respectively, primarily in connection with the purchase of items of property, plant and equipment.

KEY FINANCIAL RATIOS

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

	As of/For the Year Ended December 31,			As of/For the Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Revenue growth rate (%)(1)	N/A	355.0	253.0	N/A	39.7
Gross profit margin (%)(2)	13.5	19.3	21.5	18.5	20.7
Gross profit growth rate (%)(3)	N/A	551.8	293.5	N/A	56.3
Net loss margin (%)(4)	(431.0)	(117.5)	(312.7)	(22.7)	(195.1)
Adjusted net loss margin (non-IFRS measure) (%)(5)	(349.1)	(77.2)	(15.4)	(13.7)	(13.7)
Current ratio(6)	0.2	0.3	0.3	0.6	0.3
Quick ratio(7)	0.1	0.2	0.3	0.5	0.3

Notes:

(1) Revenue growth rate equals the difference between the revenue for the year/period indicated and the revenue for the prior year/period, divided by the revenue for the prior year/period, and multiplied by 100%.
(2) Gross profit margin equals gross profit divided by revenue and multiplied by 100%. See "— Results of Operations — Gross Profit and Gross Profit Margin."
(3) Gross profit growth rate represents the year-over-year or period-over-period percentage change in gross profit.
(4) Net loss margin equals net loss divided by revenue for the year/period indicated and multiplied by 100%.
(5) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss (non-IFRS measure) divided by revenue and multiplied by 100%. See "— Non-IFRS Measures" for details of adjusted net loss (non-IFRS measure).
(6) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the relevant year/period.
(7) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the end of the relevant year/period.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our research and development expenditure primarily consisted of research and development expenses. We did not capitalize any research and development costs as intangible assets. The following table sets forth our annual and total R&D expenditure for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Research and development expenses	39,040	42,924	55,437	26,893	53,587
Adjustments:					
Add: intangible assets acquired from third parties and capitalized	—	—	—	—	—
Less: amortization expense of capitalized intangible assets included in R&D expenditure	—	—	—	—	—
Annual R&D expenditure	**39,040**	**42,924**	**55,437**	**26,893**	**53,587**
Total R&D expenditure			**137,401**(1)		**190,988**(2)

Notes:

(1) Represents total R&D expenditure for the three financial years prior to the **[REDACTED]**.
(2) Represents total R&D expenditure over the Track Record Period.

The table below sets forth our annual and total operating expenditure for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Research and development expenses	39,040	42,924	55,437	26,893	53,587
Selling and distribution expenses	10,662	11,651	12,934	6,953	8,233
Administrative expenses	14,656	34,786	98,685	13,154	82,979
Adjustments:					
Add: intangible assets acquired from third parties and capitalized	—	—	—	—	—
Less: amortization expense of capitalized intangible assets included in R&D expenditure	—	—	—	—	—
Annual total operating expenditure	**64,358**	**89,361**	**167,056**	**47,000**	**144,799**
Total operating expenditure			**320,775**(1)		**465,574**(2)

Notes:

(1) Represents total operating expenditure for the three financial years prior to the **[REDACTED]**.
(2) Represents total operating expenditure over the Track Record Period.

The following table sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the periods indicated.

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Annual/Interim R&D expenditure ratio (%)[1]	60.7	48.0	33.2	57.2	37.0
Total R&D expenditure ratio (%)			42.8[2]		41.0[3]

Notes:

(1) Calculated by dividing annual R&D expenditure by annual total operating expenditure.

(2) Calculated by dividing total R&D expenditure for the three financial years prior to the **[REDACTED]** by total operating expenditure for the three financial years prior to the **[REDACTED]**.

(3) Calculated by dividing total R&D expenditure over the Track Record Period by total operating expenditure over the Track Record Period.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MATERIAL RELATED PARTY TRANSACTIONS

Related party transactions are set out in Note 35 to the Accountants' Report in Appendix I. 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

The main risks arising from our financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Our board of directors reviews and agrees policies for managing each of these risks. See Note 38 to the Accountants' Report in Appendix I.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our short-term and long-term borrowings. We currently do not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk. See Note 38 to the Accountants' Report in Appendix I.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which we conduct business may affect our financial condition and results of operations. See Note 38 to the Accountants' Report in Appendix I.

Credit Risk

We trade only with recognized and creditworthy parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. The credit risk of our other financial assets, which comprise cash and cash equivalents, time deposits, and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. See Note 38 to the Accountants' Report in Appendix I.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. See Note 38 to the Accountants' Report in Appendix I.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize shareholders' value. We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or **[REDACTED]** new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period. See Note 38 to the Accountants' Report in Appendix I.

DIVIDENDS

No dividend was paid or declared by our Company during the Track Record Period.

We do not maintain a formal dividend policy or have a fixed dividend distribution ratio, and we may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. We cannot assure you that we will be able to distribute any dividends in any year. The declaration and payment of dividends may also be limited by legal restrictions and by loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future. 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. As advised by our PRC Legal Adviser, we cannot pay dividends to our Shareholders as there are no distributable profits in view of the accumulated losses. Furthermore, 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. See "Risk Factors—Risks Relating to the **[REDACTED]**—We may not be able to pay any dividends on our H Shares." In addition, our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses 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]** expenses (based on the **[REDACTED]** of HK$**[REDACTED]** and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]** expenses, 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 gross **[REDACTED]**, was or 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]**. We recognized **[REDACTED]** of RMB**[REDACTED]** in our consolidated financial statements during the Track Record Period.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

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 June 30, 2026, being the end date of our latest consolidated financial statements, and there has been no event since June 30, 2026 which would materially affect the information shown in the Accountants' Report in Appendix I.

DISCLOSURE REQUIRED UNDER LISTING RULES

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 Rules 13.13 to 13.19 of the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) approximately 21.96% by Worang Zhonghe, which was controlled by Mr. Zhang, (ii) approximately 15.92% by Worang Zhongchuang, which was controlled by its general partner Juwuxian, a company wholly owned by Mr. Zhang, and (iii) approximately 3.42% by Guyuan Investment, which was controlled by Juwuxian as its general partner and ultimately controlled by Mr. Zhang. The general partner of each of Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3, which are limited partners of Worang Zhongchuang, is also Juwuxian. Therefore, Mr. Zhang was entitled to exercise a total of approximately 41.30% of the voting power at general meetings of our Company. See "History, Development and Corporate Structure—Our Shareholding and Corporate Structure" for the corporate structure of the Group.

Accordingly, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Zhang will be entitled to exercise a total of **[REDACTED]**% of the voting power at general meetings of our Company. Upon **[REDACTED]**, Mr. Zhang, Worang Zhonghe, Worang Zhongchuang, Guyuan Investment, Zhongchuang No. 1, Zhongchuang No. 2 and Zhongchuang No. 3 and Juwuxian will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of the Controlling Shareholders confirms that he/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete (directly or indirectly) with the Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon **[REDACTED]**.

Management Independence

Upon **[REDACTED]**, our Board will comprise nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management."

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;

(iv) other than Mr. Zhang, none of the other Directors hold any directorship or position in our Controlling Shareholders, and decisions of the Board require the approval of a majority vote from the Board; and

(v) we have appointed three independent non-executive Directors, comprising one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole.

Based on the above, our Directors are of the view that our Group is capable of managing our business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Operational Independence

We are not operationally dependent on our Controlling Shareholders. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Controlling Shareholders and their respective close associates. We have independent access to suppliers and customers. We are also in possession of relevant assets, licenses, trademarks and other intellectual property and research and development facilities necessary 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 satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after **[REDACTED]**.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

During the Track Record Period, certain of our Group's bank and other borrowings (the "**Guaranteed Loans**") were guaranteed by Mr. Zhang. As of the Latest Practicable Date, the guarantees provided by Mr. Zhang in respect of the Guaranteed Loans have been fully released.

Save for the above, as of the Latest Practicable Date, there were no outstanding loans, guarantees or other financial assistance provided to our Group by any of the Controlling Shareholders and/or their close associates.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;

(ii) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) 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 possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management" in this document;

(v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(vi) we have appointed Maxa Capital Limited as our compliance advisor, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage any conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the **[REDACTED]**.

This section presents certain information regarding our share capital before and upon completion of the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB31,958,808, comprising 31,958,808 Unlisted Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE SHARE SUBDIVISION AND THE [REDACTED]

Immediately following the completion of the Share Subdivision, the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, assuming the **[REDACTED]** is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital *(%)*
Unlisted Shares in **[REDACTED]**	–	–
H Shares to be converted from Unlisted Shares	319,588,080	**[REDACTED]**
H Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100%**

Immediately following the completion of the Share Subdivision, the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, assuming the **[REDACTED]** is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital *(%)*
Unlisted Shares in **[REDACTED]**	–	–
H Shares to be converted from Unlisted Shares	319,588,080	**[REDACTED]**
H Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	**[REDACTED]**	**100%**

OUR SHARES

Upon completion of the **[REDACTED]**, we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional **[REDACTED]** in the PRC, the qualified PRC **[REDACTED]** under the Shanghai– Hong Kong Stock Connect or the Shenzhen– Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be **[REDACTED]** for by or **[REDACTED]** between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Company has filed for application for a "full circulation" of all the 319,588,080 Unlisted Shares, and submitted the application reports, authorization documents of the shareholders of Unlisted Shares for which an H-share "full circulation" are applied, explanation about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

The relevant filings process of the conversion of 319,588,080 Unlisted Shares held by all the existing Shareholders into H Shares on a one-for-one basis have been completed on June 4, 2026 and an **[REDACTED]** has been made to the **[REDACTED]** for such H Shares to be **[REDACTED]** on the Stock Exchange.

Upon completion of the **[REDACTED]**, if any of our Shares are not **[REDACTED]** or **[REDACTED]** on any stock exchange, the holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and have completed the required filing with the securities regulatory authorities of the State Council, including the CSRC. The **[REDACTED]** of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Stock Exchange.

Based on the procedures for the Conversion of Unlisted Shares into H Shares as disclosed in this section, we can apply for the **[REDACTED]** of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any **[REDACTED]** of additional Shares after our **[REDACTED]** on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior **[REDACTED]** for **[REDACTED]** at the time of our **[REDACTED]** in Hong Kong.

No class Shareholder voting is required for the **[REDACTED]** and **[REDACTED]** of the converted Shares on the Hong Kong Stock Exchange. Any **[REDACTED]** for **[REDACTED]** of the converted Shares on the Hong Kong Stock Exchange after our **[REDACTED]** is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the **[REDACTED]** to **[REDACTED]**. Registration on our **[REDACTED]** will be on the condition that (a) our **[REDACTED]** lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the **[REDACTED]** of members and the due dispatch of **[REDACTED]** and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of **[REDACTED]** and the **[REDACTED]** in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be **[REDACTED]** as H Shares.

RESTRICTION ON TRANSFER OF SHARES [REDACTED] PRIOR TO THE [REDACTED]

Pursuant to the PRC Company Law, our Shares **[REDACTED]** prior to the **[REDACTED]** shall not be transferred within 12 months from the **[REDACTED]**.

For details of the lock-up undertaking given by the Controlling Shareholders pursuant to Rules 10.07 and 18C.13 of the Listing Rules, see "**[REDACTED]**."

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting are required, see "Summary of Articles of Association" in Appendix V to this document.

GENERAL MANDATES TO [REDACTED] SHARES, SELL AND/OR TRANSFER TREASURY SHARES, AND REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted general unconditional mandates to **[REDACTED]** and repurchase our Shares. See "Statutory and General Information — A. Further Information about our Group — 4. Resolutions of Our Shareholders" in Appendix VI to this document for further details.

So far as our Directors are aware, immediately following the completion of the Share Subdivision, the **[REDACTED]** and the Conversion of Unlisted Shares into H Shares, assuming the **[REDACTED]** is not exercised, 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](2)			
Name of Shareholder	**Nature of interest(1)**	**Number of Unlisted Shares held**	**Approximate percentage of shareholding in total issued share capital**	**Number of Shares(2)**	**Description of Shares**	**Approximate percentage of shareholding in relevant class of Shares**	**Approximate percentage of shareholding in our total share capital**
Mr. Zhang(3)	Interest in controlled corporation	13,199,184	41.30%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Juwuxian(3)	Interest in controlled corporation	6,180,003	19.34%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Worang Zhonghe(3)	Beneficial owner	7,019,181	21.96%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Zhongchuang No.3(3)	Interest in controlled corporation	5,087,657	15.92%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Dr. LIU Xyuang(3)	Interest in controlled corporation	5,087,657	15.92%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Worang Zhongchuang(3)	Beneficial owner	5,087,657	15.92%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing State-owned Capital(4)(5)(6)(7)(8)	Interest in controlled corporation	6,413,133	20.07%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing Municipal Government Investment Guidance Fund Management Co., Ltd.(5)(8)	Interest in controlled corporation	3,732,335	11.68%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing Municipal Guidance Fund(5)(8)	Interest in controlled corporation	3,732,335	11.68%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Jingguorui Management Company(4)	Interest in controlled corporation	3,836,761	12.01%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing Jingguoguan Property Management(5)(6)(8)	Interest in controlled corporation	4,698,066	14.70%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing Jingguoguan Property Investment(5)(6)(8)	Interest in controlled corporation	4,698,066	14.70%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Advanced Manufacturing Investment(5)	Beneficial owner	2,871,030	8.98%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Beijing Xianfeng Jishi Equity(5)	Interest in controlled corporation	2,871,030	8.98%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Zhang Wei(5)	Interest in controlled corporation	2,871,030	8.98%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%
Shunxi Fund(7)	Interest in controlled corporation	2,576,372	8.06%	**[REDACTED]**	H Shares	**[REDACTED]**%	**[REDACTED]**%

Notes:

(1) All interests stated are long positions.

(2) The number of Shares is presented based on the assumption that the Share Subdivision is completed. The calculation is based on the total number of 319,588,080 H Shares to be converted from Unlisted Shares in issue and **[REDACTED]** H Shares to be **[REDACTED]** under the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(3) Worang Zhonghe is controlled by Mr. Zhang as its general partner. The voting rights attaching to the Shares held by Worang Zhonghe are exercisable by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 7,019,181 Shares held by Worang Zhonghe under the SFO.

Worang Zhongchuang is controlled by its general partner Juwuxian, a company wholly owned by Mr. Zhang. Zhongchuang No.3 is a limited partner of Worang Zhongchuang holding 46.31% partnership interest therein. Dr. Liu Xuyang is a limited partner of Zhongchuang No.3 holding 56.01% partnership interest therein. Therefore, each of Mr. Zhang, Juwuxian, Zhongchuang No.3 and Dr. LIU Xuyang is deemed to be interested in the 5,087,657 Shares held by Worang Zhongchuang under the SFO.

Guyuan Investment is controlled by Juwuxian as its general partner, and ultimately controlled by Mr. Zhang. Therefore, each of Mr. Zhang and Juwuxian is deemed to be interested in the 1,092,346 Shares held by Guyuan Investment under the SFO.

(4) Both Beijing Advanced Manufacturing and Intelligent Equipment Industry Investment Fund (Limited Partnership) (北京市先進製造和智能裝備產業投資基金(有限合夥)) ("**Advanced Manufacturing Investment**") and Beijing Jingguoguan Equity Investment Fund (Limited Partnership)(北京京國管股權投資基金(有限合夥)) ("**Jingguoguan Investment**") are managed by Beijing Jingguorui Equity Investment Fund Management Co., Ltd. (北京京國瑞股權投資基金管理有限公司) ("**Jingguorui Management Company**"), which is directly owned as to 81% by Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司) ("**Beijing State-owned Capital**"). Therefore, each of Jingguorui Management Company and Beijing State-owned Capital is deemed to be interested in the 2,871,030 Shares held by Advanced Manufacturing Investment and 965,731 Shares held by Jingguoguan Investment under the SFO.

(5) The general partners of Advanced Manufacturing Investment are Beijing Jingguoguan Property Management Co., Ltd. (北京京國管置業管理有限公司) ("**Beijing Jingguoguan Property Management**"), which is wholly owned by Beijing State-owned Capital, and Beijing Xianfeng Jishi Equity Investment Management Limited Partnership (北京先鋒基石股權投資管理合夥企業(有限合夥)) ("**Beijing Xianfeng Jishi Equity**"), which is ultimately controlled by Zhang Wei (張維). The sole limited partner of Advanced Manufacturing Investment is Beijing Municipal Government Investment Guidance Fund (Limited Partnership) (北京市政府投資引導基金(有限合夥)) ("**Beijing Municipal Guidance Fund**"), which holds 99% of the partnership interest therein. Beijing Municipal Guidance Fund is held as to 99.996% by Beijing State-owned Capital as its limited partner and as to 0.004% by Beijing Municipal Government Investment Guidance Fund Management Co., Ltd. (北京市政府投資引導基金管理有限公司), which is owned as to 50% by Beijing Jingguoguan Property Management and as to 50% by Beijing Jingguoguan Property Investment Co., Ltd. (北京京國管置業投資有限公司)("**Beijing Jingguoguan Property Investment**"), which is wholly owned by Beijing State-owned Capital. Therefore, each of Beijing Jingguoguan Property Management, Beijing Xianfeng Jishi Equity, Zhang Wei, Beijing Municipal Guidance Fund, Beijing Municipal Government Investment Guidance Fund Management Co., Ltd., Beijing Jingguoguan Property Investment and Beijing State-owned Capital is deemed to be interested in the 2,871,030 Shares held by Advanced Manufacturing Investment under the SFO.

(6) The general partner of Jingguoguan Investment is Beijing Jingguorui Investment Management Co., Ltd. (北京京國瑞投資管理有限公司), which is owned as to 50% by Beijing Jingguoguan Property Management and as to 50% by Beijing Jingguoguan Property Investment. The largest limited partner of Jingguoguan Investment is Beijing State-owned Capital, which holds approximately 51.94% of the partnership interest therein. Therefore, each of Beijing Jingguoguan Property Management, Beijing Jingguoguan Property Investment and Beijing State-owned Capital is deemed to be interested in the 965,731 Shares held by Jingguoguan Investment under the SFO.

(7) Both Beijing Shunxi Phase III Venture Capital Fund (Limited Partnership) (北京順禧三期創業投資基金(有限合夥)) ("**Shunxi Venture Capital Fund III**") and Beijing New Material Industry Investment Fund (Limited Partnership) (北京市新材料產業投資基金(有限合夥)) ("**New Material Investment**") are managed by Beijing Shunxi Venture Capital Fund Management Co., Ltd. (北京順禧私募基金管理有限公司) ("**Shunxi Fund**"), which is wholly owned by Beijing State-owned Capital. Therefore, each of Shunxi Fund and Beijing State-owned Capital is deemed to be interested in the 1,715,067 Shares held by Shunxi Venture Capital Fund III and 861,305 Shares held by New Material Investment.

(8) The general partners of New Material Investment are Beijing Zhongguancun Capital Fund Management Co., Ltd. (北京中關村資本基金管理有限公司) ("**Zhongguancun Capital Fund**") and Beijing Jingguoguan Property Management. Zhongguancun Capital Fund is ultimately controlled by Beijing State-owned Capital. The sole limited partner of New Material Investment is Beijing Municipal Government Investment. Therefore, each of Beijing Jingguoguan Property Management, Beijing Municipal Government Investment, Beijing Municipal Government Investment Guidance Fund Management Co., Ltd., Beijing Jingguoguan Property Investment and Beijing State-owned Capital is deemed to be interested in the 861,305 Shares held by New Material Investment.

Save as disclosed herein above, our Directors are not aware of any person 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 our Company or any other member of our Group.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

OVERVIEW

Upon **[REDACTED]**, our Board will comprise nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors, namely:

Name	Age	Position	Time of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors or senior management
Mr. ZHANG Di (張笛)	32	Executive Director, chairman of the Board and chief executive officer	March 17, 2020	March 17, 2020	Responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Dr. LIU Xuyang (劉許洋)	33	Executive Director and president	February 1, 2023	March 8, 2024	Responsible for the technology development and business operation of our Group	N/A
Mr. ZHANG Hongbo (張洪波)	47	Executive Director, chief financial officer, secretary of the Board and joint company secretary	May 8, 2025	November 30, 2025	Responsible for finance and capital management, board affairs and corporate governance of our Group	N/A
Mr. CHEN Can (陳璨)	31	Non-executive Director	March 27, 2025	June 20, 2025	Overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group	N/A
Mr. ZHAO Yun (趙雲)	36	Non-executive Director	January 11, 2024	March 8, 2024	Overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group	N/A
Mr. JI Haiquan (紀海泉)	40	Non-executive Director	September 4, 2025	September 4, 2025	Overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group	N/A
Mr. LAM Kwok Sun (林國燊)	38	Independent non-executive Director	November 30, 2025	November 30, 2025	Providing independent advice on the operations and management of our Group	N/A
Dr. WANG Yuqian (王虞倩)	33	Independent non-executive Director	November 30, 2025	November 30, 2025	Providing independent advice on the operations and management of our Group	N/A
Mr. HUANG Min (黃旻)	36	Independent non-executive Director	November 30, 2025	November 30, 2025	Providing independent advice on the operations and management of our Group	N/A

DIRECTORS

Executive Directors

Mr. ZHANG Di (張笛), aged 32, our founder and has been serving as a Director, chairman of the Board and chief executive officer of our Company since March 2020. Mr. Zhang was re-designated as our executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group.

Mr. Zhang obtained his bachelor's degree majoring in mechanical engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 2016, and studied robotics systems and control engineering in the Hong Kong University of Science and Technology in Hong Kong.

Mr. Zhang was selected for the CYZONE U30 List (創業邦30歲以下創業新貴榜) in May 2024, for the Forbes China Under 30 List (福布斯中國30歲以下精英榜) in December 2024 and for the Hurun China Under 30 Entrepreneurs (胡潤U30中國創業先鋒榜) in May 2025.

Dr. LIU Xuyang (劉許洋), aged 33, has been serving as our Director since March 2024 and our president since April 2025. Dr. Liu was re-designated as our executive Director in December 2025, effective from the **[REDACTED]**. Dr. Liu has been involved in the Group's business since October 2022, with the consent of Shenzhen Tiemeizhong Technology Co., Ltd. (深圳市鐵美眾科技有限責任公司). Dr. Liu served as our vice president from February 2023 to March 2025. He is primarily responsible for the technology development and business operation of our Group.

Prior to joining our Group, from September 2019 to July 2020, Dr. Liu served as a researcher at Shenzhen Appotronics Corporation Limited (深圳光峰科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688007), which principally engages in the provision of device manufacturing. From July 2020 to January 2023, he served as the general manager of Shenzhen Tiemeizhong Technology Co., Ltd. (深圳市鐵美眾科技有限責任公司), a company mainly engaged in the provision of integrated motor and driving solutions.

Dr. Liu obtained his bachelor's degree in new energy materials and devices from the University of Electronic Science and Technology of China (電子科技大學) in the PRC in June 2015 and his doctoral degree in electrical and electronic engineering from the University of Hong Kong in Hong Kong in September 2019.

Mr. ZHANG Hongbo (張洪波), aged 47, has been serving as our Director and our secretary of the Board since November 2025 and our chief financial officer since August 2025. He was re-designated as our executive Director in December 2025, effective from the **[REDACTED]**. He served as the assistant to the chief executive officer of our Company from May 2025 to August 2025. He is primarily responsible for finance and capital management, board affairs and corporate governance of our Group.

Prior to joining our Group, from May 2002 to November 2009, Mr. ZHANG Hongbo served as the general manager of South China region at Tsinghua Tongfang Co., Ltd. (同方股份有限公司), a high-technology company listed on the Shanghai Stock Exchange (stock code: 600100). From September 2010 to February 2015, he served as the assistant to the chairman and investment director at Winta Investment Group Co., Ltd. (鑫塔投資集團有限公司). From January 2016 to July 2018, he served as head of industry funds and investment director at Jiuding Capital Co., Ltd. (昆吾九鼎投資控股股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600053). From August 2018 to November 2022, he served as a partner and senior vice president at DT Capital Management Co., Ltd. (德圖資本管理股份有限公司). From May 2023 to March 2025, he served as the chief strategy officer of Zhongguancun Technology Leasing Co., Ltd. (中關村科技租賃股份有限公司).

Mr. ZHANG Hongbo obtained his bachelor's degree in theoretical and applied mechanics from Peking University (北京大學) in the PRC in July 2001. He obtained his master's degree in business administration in finance jointly offered by Tsinghua University (清華大學) and the Chinese University of Hong Kong in December 2010.

Non-Executive Directors

Mr. CHEN Can (陳璨), aged 31, was appointed as our Director in June 2025 and re-designated as our non-executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. Chen worked at Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司), a state-owned capital operation platform, from July 2019 to November 2021. From December 2021 to May 2026, he served as an investment manager at Beijing Jingguorui Equity Investment Fund Management Co., Ltd. (北京京國瑞股權投資基金管理有限公司). He currently serves as a senior manager at Beijing State-owned Capital Operation and Management Co., Ltd.

Mr. Chen obtained his bachelor's degree in management from Nanchang University (南昌大學) in the PRC in June 2016, and his master's degree in accounting from Central University of Finance and Economics (中央財經大學) in the PRC in June 2019.

Mr. ZHAO Yun (趙雲), aged 36, was appointed as our Director in March 2024 and re-designated as our non-executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

From July 2015 to July 2018, he worked at Beijing State-owned Capital Operation and Management Co., Ltd. (北京國有資本運營管理有限公司). From July 2018 to December 2021, Mr. Zhao worked as an investment manager in the investment department of Guoxin Venture Capital Management (Shenzhen) Co., Ltd. (國新風險投資管理（深圳）有限公司). Since January 2022, he has been serving as deputy investment director at Beijing Shunxi Venture Capital Fund Management Co., Ltd. (北京順禧私募基金管理有限公司).

Mr. Zhao obtained his bachelor's degree and master's degree in accounting from Renmin University of China (中國人民大學) in the PRC in June 2011 and June 2015, respectively.

Mr. JI Haiquan (紀海泉), aged 40, was appointed as our Director in September 2025 and re-designated as our non-executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

From July 2008 to September 2011, Mr. Ji worked at AVIC Consulting (Beijing) Co., Ltd. (中航諮詢(北京)有限公司), a company engaged in management consulting and investment advisory services. He joined Legend Capital Co., Ltd. (君聯資本管理股份有限公司) in July 2013 and currently serves as a managing director.

Mr. Ji obtained his bachelor's degree in information management and information systems from Beihang University (北京航空航天大學) in the PRC in July 2008, and his master's degree in business administration from Tsinghua University (清華大學) in the PRC in July 2013.

Independent Non-Executive Directors

Mr. LAM Kwok Sun (林國燊), aged 38, was appointed as our independent Director in November 2025 and was re-designated as our independent non-executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. LAM has nearly 15 years of experience in audit, assurance, tax, advisory and consulting services. He has been serving as an auditor at Forvis Mazars CPA Limited since November 2011 and advanced to the position of partner in audit and assurance department in September 2023. He currently serves as practising director in Cheng & Cheng Zhongxinghua CPA Limited.

Mr. LAM obtained his bachelor's degree in accounting and finance from The Hong Kong Polytechnic University in Hong Kong in November 2010. Mr. LAM has obtained his membership and fellow membership of the Hong Kong Institute of Certified Public Accountants in January 2014 and February 2026, respectively. Mr. LAM has obtained a practicing certificate as a Certified Public Accountant issued by the Accounting and Financial Reporting Council in January 2024.

Dr. WANG Yuqian (王虞倩), aged 33, was appointed as our independent Director in November 2025 and was re-designated as our independent non-executive Director in December 2025, effective from the **[REDACTED]**. She is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Wang served as a researcher and lecturer at the Hong Kong University of Science and Technology from August 2021 to December 2021. Dr. Wang then served as a researcher of Laboratory for Artificial Intelligence in Design Limited (AiDLab), a platform focusing on integrating artificial intelligence with design and creative industries, from January 2022 to June 2024. She has been serving as a researcher and lecturer at the Hong Kong Polytechnic University since July 2024.

Dr. Wang obtained her bachelor's degree in information engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 2016, and her doctoral degree in industrial engineering and decision analysis from the Hong Kong University of Science and Technology in Hong Kong in November 2021.

Mr. HUANG Min (黃旻), aged 36, was appointed as our independent Director in November 2025 and was re-designated as our independent non-executive Director in December 2025, effective from the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Huang joined Onewo Inc. (萬物雲空間科技服務股份有限公司), a company listed on the Stock Exchange (stock code: 2602), in June 2014, and successively served as the financial manager from June 2014 to December 2016, the head of investor relations from December 2016 to January 2019, the head of strategic merger and acquisition from February 2019 to September 2020, the partner of strategic planning and development from October 2020 to January 2025 and has been serving as secretary of the board since August 2024.

Mr. Huang obtained his bachelor's degree in financial management from Xiamen University (廈門大學) in the PRC in July 2012.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors or senior management
Mr. ZHANG Di (張笛)	32	Executive Director, chairman of the Board and chief executive officer	March 17, 2020	March 17, 2020	Responsible for the overall management, strategic planning and decision-making for key business and operational matters of our Group	N/A
Dr. LIU Xuyang (劉許洋)	33	Executive Director and president	February 1, 2023	March 8, 2024	Responsible for the technology development and business operation of our Group	N/A
Mr. ZHANG Hongbo (張洪波)	47	Executive Director, chief financial officer, secretary of the Board and joint company secretary	May 8, 2025	August 8, 2025	Responsible for finance and capital management, board affairs and corporate governance of our Group	N/A

Mr. ZHANG Di (張笛), aged 32, is our founder, an executive Director, chairman of the Board and chief executive officer of our Company. For his biography, see "—Directors —Executive Directors" in this section.

Dr. LIU Xuyang (劉許洋), aged 33, is an executive Director and president of our Company. For his biography, see "—Directors —Executive Directors" in this section.

Mr. ZHANG Hongbo (張洪波), aged 47, is an executive Director, chief financial officer, secretary of the Board and joint company secretary of our Company. For his biography, see "—Directors —Executive Directors" in this section.

JOINT COMPANY SECRETARIES

Mr. ZHANG Hongbo (張洪波), an executive Director, our chief financial officer and secretary of the Board, was appointed as one of our joint company secretaries on December 31, 2025. For his biography, see "—Directors—Executive Directors" in this section.

Ms. KWAN Lok Yan (關樂欣), was appointed as one of our joint company secretaries on December 31, 2025.

Ms. Kwan is a senior manager of corporate secretarial services in TMF Hong Kong Limited and is responsible for providing corporate secretarial and compliance services for clients. She has over 25 years of experience in the company secretarial field.

Ms. Kwan is an associate member of The Hong Kong Chartered Governance Institute.

OTHER INFORMATION

During the Track Record Period, Professor Li Zexiang, Ms. Guo Chengcheng, Mr. Chen Zhe, and Mr. Shi Chenxing, each nominated by our investor Shareholders, resigned as Directors because those investors no longer satisfied the applicable criteria for nominating directors under the then-effective shareholders' agreement of the Company. Mr. Gong Min resigned as a supervisor of our Company and left our Company in April 2025 due to personal commitments. Ms. Hu Rong resigned as a supervisor of our Company in November 2025 following the dissolution of our supervisory board. Each of the above-mentioned former Directors and supervisors of our Company had no disputes or disagreements with our Group at the time of his or her resignation.

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 23, 2025, and (ii) understands his or her obligations as a director of a **[REDACTED]** 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 the 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 appointments.

Each of our 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.

Save as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

Save as disclosed above, to the best knowledge, information and belief of the 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 the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with 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, and ESG-related matters. The Audit Committee comprises Mr. LAM Kwok Sun, Mr. HUANG Min and Dr. WANG

Yuqian, with Mr. LAM Kwok Sun (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with 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. LAM Kwok Sun, Mr. ZHANG Hongbo and Dr. WANG Yuqian, with Mr. LAM Kwok Sun as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with 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. Zhang, Dr. WANG Yuqian and Mr. HUANG Min, with Mr. Zhang 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 **[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 chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Zhang performs both the roles of the chairman of our Board and chief executive officer of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations, Mr. Zhang is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and chief executive officer to Mr. Zhang 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 chairman 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 embrace the benefits of having a diverse Board and see 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 31 to 47 years old with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, business administration, finance and accounting and corporate governance in addition to extensive experience in the industry. They obtained degrees in various majors including mechanical engineering, new energy materials and devices, business administration in finance, accounting, information management and information systems, information engineering and financial management. 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 OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of salaries, discretionary bonuses, social security plans, housing provident fund plans, and other allowances and benefits.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the aggregate amount of remuneration of our Directors were approximately RMB0.7 million, RMB14.2 million, RMB58.1 million and RMB47.7 million, respectively.

For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, the aggregate amount of remuneration paid to the five highest-paid individuals (including Directors) amounted to RMB4.1 million, RMB18.1 million, RMB62.2 million and RMB59.0 million, respectively.

The remuneration of our Directors and senior management is determined with reference to industry salary levels, the responsibilities and performance of their respective roles, as well as the annual operating results of our Company. Under the arrangements currently in effect, our Company estimates that the total pre-tax remuneration payable to our Directors for the year ending December 31, 2026 will be approximately RMB95.8 million.

During the Track Record Period, no remuneration was paid to any Director or any of the five highest-paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or receivable by, any Director, former Director or any of the five highest-paid individuals for the loss of office as a director of any member of our Group or for the loss of any other office in connection with the management of the affairs of any member of our Group. During the Track Record Period, no Director waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts were paid or payable by our Group to any Director or any of the five highest-paid individuals.

COMPLIANCE ADVISOR

Our Company has appointed Maxa Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will provide guidance and advice to our Company on compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to

Rule 3A.23 of the Listing Rules, the compliance adviser will provide advice to our Company in the following circumstances (among others):

(a) prior to the publication of any regulated announcement, circular or financial report;

(b) where a transaction (which may be a notifiable transaction or a connected transaction) is contemplated, including the issuance of shares, the sale or transfer of treasury shares, and the repurchase of shares;

(c) where our Company proposes to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document, or where the business activities, developments or performance of our Group differ from any forecast, estimate or other information contained in this document; and

(d) when the Stock Exchange makes an enquiry pursuant to Rule 13.10 of the Listing Rules regarding unusual movements in the price or **[REDACTED]** volume of our **[REDACTED]** securities or any other matters.

The term of appointment of the compliance adviser shall commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. Such appointment may be extended by mutual agreement.

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see "Business — Research and Development" in this document.

FUTURE PLANS

See "Business — Our Strategies" and "Business — Business Sustainability and Path to Profitability" for a detailed discussion of our future plans and our path to profitability.

USE OF [REDACTED]

Assuming that the **[REDACTED]** is not exercised, after deducting the **[REDACTED]** and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, and based on the **[REDACTED]** of HK$**[REDACTED]** per Share, we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]**. In line with our business strategies and development, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to enhance our R&D capabilities in key robotics technologies to support our technology and product development. We plan to maintain a high level of R&D **[REDACTED]** to continuously advance our robotic products, strengthen our robot technologies and enrich our related product portfolio. Such **[REDACTED]** will fund the product and technology milestones described in "Business — Business Sustainability and Path to Profitability." In particular:

(i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to optimize the performance of our robotic direct drive actuator modules by addressing core technological bottlenecks in high power density and high-efficiency direct drive motors. We will reinforce our technology leadership in robotic direct drive actuator modules by using (a) approximately HK$**[REDACTED]** for enhancing torque output density, response speed and energy conversion efficiency, (b) approximately HK$**[REDACTED]** for advancing model-based control algorithms, and (c) approximately HK$**[REDACTED]** for enriching our robotic actuator module portfolio to support a wider range of **[REDACTED]** scenarios.

In this regard, we intend to focus our research on enhancing the overall performance, reliability and **[REDACTED]** adaptability of our robotic direct drive actuator modules, including products such as the M43 series micro drive motors for indoor service robots and the P0610 series hub motors for outdoor **[REDACTED]** such as robotic lawn mowers. For product lines similar to M43 series, we plan to focus on achieving a more compact direct drive motor design with improved power density, torque density and operational stability through optimization of pole-slot configuration, stator winding design and rotor topology, together with integrated improvements in controller hardware, control algorithms and embedded software. For product lines similar to P0610 series, we plan to focus on integrated motor and reducer design for outdoor use cases, including optimization of coaxial alignment, gear load distribution, rigidity, lubrication and axial clearance control, with a view to achieving a highly matched combination of torque, speed, efficiency, temperature rise, vibration and noise performance. We expect to commence such research projects in the second half of 2026, with testing, adjustment and initial commercialization expected in 2027 and further commercialization and product rollout expected in 2028, subject to project progress and market conditions.

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to improve robot and modular assembly technology. In this regard, we intend to focus our research and development efforts primarily on the following three areas:

(a) approximately HK$**[REDACTED]** will be used to further enhance the integration of AI into our robotic systems through the development, training and deployment of advanced algorithms to improve autonomous decision making, manipulability, mobility and multi scenario adaptability of our robots. Our plans in this area include (1) continuing to advance reinforcement learning for perception and locomotion, so that our robots can maintain pre-processing and traversal capabilities across complex terrains under both effective and degraded perception conditions; (2) introducing advanced technologies such as teleoperation, imitation learning and diffusion models into our robot platforms to improve manipulation performance and passability; and (3) enhancing communication, motion balance and distributed computing capabilities of our robot systems to support further research into multi agent embodied intelligence.

(b) approximately HK$**[REDACTED]** will be used to strengthen our Sim2Real and Real2Sim platforms to accelerate algorithm iteration, testing and deployment and thereby shorten development cycles. For Sim2Real, we have established training platforms based on mainstream training environments, such as platforms on Isaac Gym and Isaac Lab, and simulation platforms based on mainstream simulation tools, such as platforms on Gazebo, Mujoco and Webots. Based on the DDS communication framework under ROS2, we have also achieved greater unification between simulation code and code for physical robots, which helps reduce the Sim2Real gap. Going forward, we plan to further improve inertia matching and joint motor torque matching through dedicated testing environments and testing fixtures to reduce discrepancies between simulated and physical performance. For Real2Sim, we will establish terrain randomization workflows, under which terrain information from service scenarios is first captured through three dimensional reconstruction, then converted into collision models and imported into the training environment, so that robots can be trained and validated in simulated environments before deployment to physical environments. We believe these platforms will help reduce the number of physical prototype tests, improve training and validation efficiency, accelerate parameter tuning and scenario adaptation, and gradually build skill libraries for robots across different service scenarios, thereby shortening development cycles and supporting commercialization.

(c) approximately HK$**[REDACTED]** will be used to deepen our research on modular reconfiguration technology to improve module level and system level modularity and explore more flexible robot forms. Our planned R&D research in this area includes (1) developing a unified hardware architecture capable of supporting a full range of embodied intelligent robots; (2) enabling reconfigurable kits and components based on actual application scenarios under such hardware architecture; and (3) continuously upgrading our control and perception capabilities to enhance terrain coverage, multimodal adaptability and system flexibility.

In line with our R&D strategies, we plan to recruit additional R&D personnel to expand our team and strengthen our capabilities. The following table sets forth our non-exhaustive recruitment plan and the associated expenses:

Position	No.	Major selection criteria	Role and responsibility	Salary/cost in total
Actuator Modules/ Robotics Product Manager	3	Degree in mechanical engineering, robotics, AI or related disciplines; at least five years of experience in hardware and software product management; strong understanding of actuator module and robotics technologies, application scenarios, supply chain, cost structure and commercialization pathways.	Define product specifications and functional scope for actuator modules and robots; formulate product roadmaps and iteration plans; coordinate with R&D, supply chain and marketing teams; analyze application scenarios and customer needs.	HK$**[REDACTED]**
Robotics Algorithm Engineer	5	Degree in computer science, artificial intelligence, automation, mathematics or related disciplines; strong research background in vision-language models, end-to-end embodied intelligence models or multimodal fusion algorithms involving vision, language and motion.	Establish algorithm training, testing and validation systems; collaborate with hardware and mechanical teams to address algorithm-hardware integration issues.	HK$**[REDACTED]**

Position	No.	Major selection criteria	Role and responsibility	Salary/cost in total
Actuator Module Robotics Structure Engineer	12	Degree in mechanical engineering, mechanical design and manufacturing or related disciplines; solid understanding of the structural principles of actuator modules and robots; ability to independently design and optimize robot bodies, joints and transmission mechanisms.	Participate in the overall structural design of actuator modules and robots and the selection of key components; be responsible for the R&D and optimization of related product structures, including power modules, joint modules, transmission systems and robot body structures.	HK$**[REDACTED]**
Motor Development Engineer	10	Degree in motor and electrical engineering, automation or related disciplines; strong expertise in motor electromagnetic design, structural design and thermal simulation analysis; familiar with optimization technologies for high torque density.	Be responsible for the end to end design of motors for actuator modules and robotic joint modules; address core technical challenges relating to high torque density, miniaturization and lightweight design to support competitive motion precision and response speed; formulate motor performance testing plans.	HK$**[REDACTED]**

Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to deepen our collaboration with industry partners, broaden our sales network, and further strengthen our brand presence. This allocation supports the customer collaboration and expansion initiatives described in "Business — Business Sustainability and Path to Profitability." In particular:

(i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to strengthen our sales and service capabilities, with approximately HK$**[REDACTED]** allocated to the domestic markets and HK$**[REDACTED]** allocated to overseas markets. In China, we will (a) recruit approximately eight additional sales and service personnel, including sales managers, account managers, and technical support engineers, (b) offer more competitive compensation to enhance retention, and (c) provide systematic training to our sales and service team to improve their professional capabilities. Internationally, we expect to (a) recruit approximately four additional sales and service personnel overseas, and (b) collaborate with local channel partners in market development and customer services. We will take Japan and South Korea as the initial foothold for our globalization strategy and progressively expand into North America and Europe, including Canada and Germany. We selected these markets because they possess mature industrial bases and strong demand for robotics and automation products, which is conducive to promoting our robotic actuator modules and expanding application scenarios. We believe that we possess the requisite expertise to tap into these overseas markets based on (a) our close and ongoing relationships with customers that are expanding into overseas markets, which have provided us with valuable insights into overseas customer needs and market requirements, (b) our market assessments of these target markets, (c) our collaboration with local partners and industry experts, and (d) our participation in industry exhibitions in these target markets. These efforts have further enhanced our understanding of local customer demand and market requirements.

For our robotic actuator modules business, we intend to initially adopt a strategy of following our customers, with our overseas expansion primarily driven by the business development and expansion needs of our customers. Depending on customer demand, this may involve supporting customers' overseas product deployment and facilitating localized fulfillment. As our business continues to grow, we plan to introduce local partners to facilitate market entry and product promotion, upgrade local marketing capabilities, and develop overseas R&D and service capabilities. For our robot business, we intend to directly adopt a local partner strategy, pursuant to which we will engage overseas partners to assist us in product delivery and after sales support. In support of this strategy, we will allocate additional budget for marketing and branding to build our international brand image, and establish relevant operational teams to support overseas partners, operations and development as well as cross-border logistics.

According to Frost & Sullivan, the competitive landscape of the target overseas markets has not yet fully consolidated and opportunities remain for market participants with advanced technologies, and the demand for robotics and automation products in such overseas markets has continued to grow, with the global shipment volume of robots recording a CAGR of approximately 18.7% over the past four years and the shipment volume of robotic actuator modules recording a CAGR of approximately 8% over the same period. Compared with other international competitors in the same industry, our products demonstrate competitive performance in terms of precision, efficiency, and reliability. From a business foundation perspective, we have established an initial overseas business presence through overseas sales (with overseas revenue of approximately RMB1.20 million, RMB0.03 million, RMB1.80 million, RMB4 thousand and RMB3.30 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively), prototype deliveries, industry exhibitions and conferences, and pilot projects. From an industry development perspective, the overseas expansion of Chinese robotics companies has become an increasingly notable trend in recent years, reflecting the growing competitiveness of Chinese robotics products and technologies in international markets. According to Frost & Sullivan, the overseas consumer robotics market recorded strong growth from 2021 to 2025, with a CAGR of 18.9% across consumer application scenarios. The cleaning robotics segment, including robotic vacuum cleaners, floor-washing robots and window-cleaning robots, recorded an even higher CAGR of 19.3% over the same period. The growth of the global cleaning robotics market has been driven in significant part by the continued expansion of Chinese brands into overseas markets. Chinese brands ranked among the top five market participants globally by shipment volume and collectively accounted for nearly 70% of the global market share. Supported by strengths in algorithms, integrated docking station technologies and well-established supply chain ecosystems, Chinese brands have continued to enhance competitive positioning and expand presence in overseas markets. As of June 30, 2026, we had collaborated with four of the top ten consumer robotics providers globally in terms of revenue in 2025. Against this backdrop, together with our experience collaborating with leading industry participants and our understanding of customer requirements, we believe that we are well positioned to capture the growing demand for robotics and automation products in our target overseas markets.

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to strengthen collaboration across the robotics value chain by deepening engagement with downstream customers and establishing structured cooperation mechanisms with upstream suppliers. On the customer side, we intend to deepen collaboration with customers in product development and application scenarios, including (a) participating in customers' new product development process at an early stage and integrating our direct drive technologies and robotic design concepts into their product development frameworks, (b) carrying out customized module development and parameter optimization based on different application scenarios, (c) promoting product iteration and optimization through prototype testing, application validation and continuous feedback mechanisms, and (d) providing application support and after-sales services to enhance user experience and product stability. On the supplier side, we intend to establish strategic procurement and collaborative R&D mechanisms with key upstream raw material suppliers. In particular, we plan to cooperate with suppliers on the (a) selection and development of key materials and components, (b) sample making, (c) testing and validation, and (d) process optimization for new product introduction. In addition, we plan to refine product specifications and strengthen supply planning and delivery coordination with our suppliers. As of the Latest Practicable Date, we have been in discussions with certain customers and suppliers regarding potential collaborative arrangements. The collaborations generally will be implemented in phases, including requirement identification, product development, testing and validation, and subsequent commercial deployment. At present, the collaborations are expected to be conducted primarily with customers and suppliers in the Chinese Mainland.

Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for improving our production capability and efficiency to support the rapid growth of our business. This allocation supports the operating efficiency measures described in "Business — Business Sustainability and Path to Profitability." In particular:

(i) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to construct highly automated flexible production lines, focusing on enhancing the mass production capabilities of our robotic actuator modules. Our plans include implementing new production lines, scaling our existing lines, and expanding our production workforce. Our previously planned production capacity was designed on the basis of a theoretical maximum of 50,000 units, and such figure represented the theoretical maximum daily production capacity under full equipment utilization and sufficient availability of materials, labor and other production resources. In practice, customer demand is subject to fluctuations and may become concentrated during certain peak periods. According to Frost & Sullivan, demand for robotics and automation products is expected to continue to grow, with the global shipment volume of robots forecasted to record a CAGR of approximately 19.1% over the next five years and the shipment volume of robotic actuator modules forecasted to record a CAGR of over 10% over the same period. As our order volume continues to grow, a daily production capacity of 50,000 units is no longer sufficient to meet expected peak demand. Based on the customer demand in February 2026, the daily demand from customers was approximately 90,000 units, representing a gap of approximately 40,000 units compared to our existing maximum daily production capacity of 50,000 units. In the first five months of 2026, our daily production volume reached or exceeded our maximum daily production capacity of 50,000 units on 47 days, with an overall average of approximately 48,700 units per day. Among the 47 days, (i) 30 days exceeded 60,000 units; (ii) the average daily production volume was approximately 65,800 units; and (iii) daily production volume peaked at approximately 80,000 units. After taking into account uncertainties relating to the continuity and timing of customer demand, potential fluctuations in order execution schedules and other operational factors, and adopting a prudent approach, we estimate our daily production capacity requirement in 2026 to be at least 80,000 units. Accordingly, we plan to increase production capacity to maintain a necessary strategic buffer above anticipated peak demand levels, supporting our ability to fulfill orders during periods of concentrated customer demand and mitigating lead time risks arising from order execution uncertainties. In addition, as technological capabilities in the robotics and automation industry continue to advance, we also need to further optimize or construct new production facilities and production lines to keep pace with industry technological advancement and meet evolving customer demands. We believe that additional production lines are necessary to support cost optimization and manufacturing efficiency. Accordingly, the new production lines are expected to enhance our manufacturing flexibility and automation level to position us to capture market opportunities.

The products to be manufactured on the new production lines will primarily include robotic direct drive actuator modules, embodied joint modules and robots, and we expect the production capacity to increase by approximately 41%, 34% and 12%, respectively. In 2026, we added four additional automated production lines and achieved an automation rate of over 50%. Going forward, we will continue to increase our production capacity and improve our level of automation to support our business expansion.

(ii) approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to optimize our manufacturing processes by integrating Industrial Internet of Things ("**IIoT**") and data intelligence technologies to build digitalized smart production bases. Specifically, we plan to promote the deployment of a Manufacturing Execution System ("**MES**") to establish integrated data connectivity and digitalized management across the entire production process. Through equipment interconnection, real-time production monitoring, intelligent production scheduling and closed-loop quality traceability, we aim to improve production efficiency, maximize equipment utilization, optimize capacity **[REDACTED]** and enhance product quality control and traceability capabilities.

The implementation is expected to be carried out in phases. In 2026, we plan to complete the initial deployment of core digital infrastructure and smart manufacturing systems. In 2027, we plan to implement real-time production data collection and intelligent production scheduling. In 2028, we plan to further enhance data analysis and quality traceability capabilities by establishing digital product records and rapid **[REDACTED]** response mechanisms.

Approximately **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and general corporate uses.

The implementation of our use of **[REDACTED]** is expected to increase our cost base and cash outflows in the near term. However, in the long term, these **[REDACTED]** will enhance our product competitiveness, improve operational efficiency and scale, strengthen commercialization capabilities and supply chain resilience, and support revenue growth and margin improvement. The table below summarizes the planned yearly **[REDACTED]** of the net **[REDACTED]** from the **[REDACTED]** by nature, from 2026 through 2030. **[REDACTED]** should note that these plans are based on assumptions and are subject to uncertainties, including the risks related to R&D, competitors and rapid technological changes as described in the "Risk Factors" section of this document.

Yearly [REDACTED] Summary	Year ended December 31, 2026	2027	2028	2029	2030	Total	Approximate % of the total
			(in HK$ **[REDACTED]***)*				
Enhance our R&D capabilities in key robotics technologies	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**
Improve our operational and marketing capabilities	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**
Expand production capacity and strengthen digitalized manufacturing	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**
Working capital and general corporate uses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**
Total	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]%**

The additional net **[REDACTED]** that we would receive if the **[REDACTED]** was exercised in full would be HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share). To the extent that the **[REDACTED]** from the **[REDACTED]** are either more or less than expected, we will adjust our **[REDACTED]** of the **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately used for the purposes described above, we will only deposit the unused net **[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 applicable laws and regulations in other jurisdictions).

[REDACTED]

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The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DIRECT DRIVE TECH LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Direct Drive Tech Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-81, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 and the six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at the end of each of the Relevant Periods 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-81 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "document") in connection with the **[REDACTED]** of the 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 2.1 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' judgment, 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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 financial position of the Group and the Company as at the end of each of the Relevant Periods and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025, and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 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 2.1 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, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[REDACTED] 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below are the Historical Financial Information which form an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information are 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

		Year ended December 31,			Six months ended June 30,	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
REVENUE	5	17,538	79,802	281,715	143,332	200,295
Cost of sales		(15,176)	(64,406)	(221,130)	(116,848)	(158,888)
Gross profit		2,362	15,396	60,585	26,484	41,407
Other income and gains	5	1,413	1,922	4,152	2,250	2,312
Selling and distribution expenses		(10,662)	(11,651)	(12,934)	(6,953)	(8,233)
Administrative expenses		(14,656)	(34,786)	(98,685)	(13,154)	(82,979)
Research and development expenses		(39,040)	(42,924)	(55,437)	(26,893)	(53,587)
Impairment losses on financial assets, net		(918)	(2,875)	(585)	(1,243)	(2,475)
Other expenses, net		(110)	(465)	(6,251)	(989)	(1,979)
Finance costs	6	(1,663)	(1,561)	(1,726)	(848)	(561)
Changes in the carrying amount of the redemption liabilities		(12,311)	(16,791)	(770,096)	(11,220)	(284,637)
LOSS BEFORE TAX	7	(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Income tax expense		—	—	—	—	—
LOSS FOR THE YEAR/PERIOD		(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Loss Attributable to:						
Owners of the parent		(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Non-controlling interests		—	—	—	—	—
Total comprehensive loss attributable to:						
Owners of the parent		(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Non-controlling interests		—	—	—	—	—
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB per share)	12	(1.28)	(1.15)	(5.25)	(0.30)	(1.23)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	7,182	10,110	23,041	34,067
Right-of-use asset	14	3,418	2,090	8,347	18,327
Deferred tax assets	17	—	—	—	—
Prepayments, deposits and other non-current assets	19	2,751	2,447	3,784	8,275
Total non-current assets		13,351	14,647	35,172	60,669
CURRENT ASSETS					
Inventories	16	13,834	26,222	32,120	82,571
Trade and bills receivables	18	9,098	40,794	79,439	170,739
Debt investments at fair value through other comprehensive income	23	—	—	22,725	11,424
Prepayments, deposits and other receivables	19	2,847	3,680	22,404	36,915
Cash and cash equivalents	22	412	15,840	353,871	293,522
Total current assets		26,191	86,536	510,559	595,171
CURRENT LIABILITIES					
Trade payables	24	9,589	36,681	62,397	150,826
Contract liabilities	27	344	642	1,751	6,077
Other payables and accruals	25	11,364	16,969	37,126	55,528
Interest-bearing bank loans and other loans	26	16,313	23,952	40,528	26,919
Lease liabilities	14	1,986	2,244	3,353	6,420
Provision	28	61	217	357	508
Redemption liabilities	20	115,759	202,550	1,409,488	1,738,922
Derivative liabilities measured at fair value through profit or loss		2,411	2,856	—	—
Total current liabilities		157,827	286,111	1,555,000	1,985,200
NET CURRENT LIABILITIES		(131,636)	(199,575)	(1,044,441)	(1,390,029)
TOTAL ASSETS LESS CURRENT LIABILITIES		(118,285)	(184,928)	(1,009,269)	(1,329,360)
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	26	—	13,200	4,250	4,000
Lease liabilities	14	2,081	481	5,838	14,010
Deferred tax liabilities	17	—	—	—	—
Total non-current liabilities		2,081	13,681	10,088	18,010
Net liabilities		(120,366)	(198,609)	(1,019,357)	(1,347,370)
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital	29	577	808	—	—
Share capital	29	—	—	31,503	31,959
Deficits	30	(120,943)	(199,417)	(1,050,860)	(1,379,329)
		(120,366)	(198,609)	(1,019,357)	(1,347,370)
Total deficits		(120,366)	(198,609)	(1,019,357)	(1,347,370)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2023	500	5,624	26,032	(81,018)	(48,862)
Loss for the year	—	—	—	(75,585)	(75,585)
Total comprehensive loss for the year	—	—	—	(75,585)	(75,585)
Share-based payments (note 31)	—	—	2,051	—	2,051
Capital contribution by shareholders	7	2,023	—	—	2,030
Investments with redemption rights	70	19,628	—	—	19,698
Recognition of redemption liabilities	—	(19,698)	—	—	(19,698)
As at December 31, 2023	577	7,577*	28,083*	(156,603)*	(120,366)

Year ended December 31, 2024

	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2024	577	7,577	28,083	(156,603)	(120,366)
Loss for the year	—	—	—	(93,735)	(93,735)
Total comprehensive loss for the year	—	—	—	(93,735)	(93,735)
Share-based payments (note 31)	—	—	15,350	—	15,350
Capital contribution by shareholders	18	124	—	—	142
Investments with redemption rights	213	69,787	—	—	70,000
Recognition of redemption liabilities	—	(70,000)	—	—	(70,000)
As at December 31, 2024	808	7,488*	43,433*	(250,338)*	(198,609)

Year ended December 31, 2025

	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2025	808	—	7,488	43,433	(250,338)	(198,609)
Loss for the year	—	—	—	—	(880,977)	(880,977)
Total comprehensive loss for the year	—	—	—	—	(880,977)	(880,977)
Share-based payments (note 31)	—	—	—	58,758	—	58,758
Capital contribution by shareholders	1,321	—	150	—	—	1,471
Investments with redemption rights	750	1,503	434,589	—	—	436,842
Conversion into a joint stock company	(2,879)	30,000	(192,957)	—	165,836	—
Recognition of redemption liabilities	—	—	(436,842)	—	—	(436,842)
As at December 31, 2025	—	31,503	(187,572)*	102,191*	(965,479)*	(1,019,357)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

Six months ended 30 June 2026

	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at 1 January 2026	31,503	(187,572)	102,191	(965,479)	(1,019,357)
Loss for the period	—	—	—	(390,732)	(390,732)
Total comprehensive loss for the period	—	—	—	(390,732)	(390,732)
Share-based payments (note 31)	—	—	62,704	—	62,704
Capital contribution by shareholders	—	15	—	—	15
Investments with redemption rights	456	44,341	—	—	44,797
Recognition of redemption liabilities	—	(44,797)	—	—	(44,797)
At 30 June 2026	31,959	(188,013)*	164,895*	(1,356,211)*	(1,347,370)

* The reserve accounts comprised the consolidated deficits of RMB120,943,000, RMB199,417,000, RMB1,050,860,000 and RMB1,379,329,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

Six months ended 30 June 2025 (unaudited)

	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at 1 January 2025	808	7,488	43,433	(250,338)	(198,609)
Loss for the period	—	—	—	(32,566)	(32,566)
Total comprehensive loss for the period	—	—	—	(32,566)	(32,566)
Share-based payments (note 31)	—	—	1,730	—	1,730
Capital contribution by shareholders	254	—	—	—	254
Investments with redemption rights	492	179,508	—	—	180,000
Recognition of redemption liabilities	—	(180,000)	—	—	(180,000)
At 30 June 2025(unaudited)	1,554	6,996	45,163	(282,904)	(229,191)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Adjustments for:						
Finance costs	6	1,663	1,561	1,726	848	561
Changes in the carrying amount of the redemption liability		12,311	16,791	770,096	11,220	284,637
Interest income	5	(61)	(21)	(100)	(32)	(503)
Impairment losses on financial assets, net	7	918	2,875	585	1,243	2,475
Foreign exchange difference, net		—	—	237	—	1,775
Write-down of inventories to net realisable value	7	2,909	1,601	1,278	777	2,178
Equity-settled share-based payment expenses	32	2,051	15,350	58,758	1,730	62,704
Investment income on financial assets at fair value through profit or loss	5	(271)	(246)	—	—	(20)
Fair value losses/(gain) on derivative liabilities at fair value through profit or loss	7	(24)	445	5,571	936	—
Depreciation of property, plant and equipment	7	1,103	2,658	4,319	2,047	2,409
Depreciation of right-of-use assets	7	957	1,634	3,133	1,065	2,621
Loss on termination of a lease		104	—	—	—	—
		(53,925)	(51,087)	(35,374)	(12,732)	(31,895)
Increase in inventories		(11,984)	(13,989)	(7,176)	(3,145)	(52,629)
Increase in trade and bills receivables		(6,292)	(34,551)	(39,136)	(52,480)	(93,778)
(Increase)/decrease in Debt investment at FVOCI		—	—	(22,725)	(198)	11,301
Decrease/(increase) in prepayments, deposits and other receivables		1,764	(840)	(16,440)	(2,084)	(13,375)
Increase in trade payables		9,094	27,092	25,716	39,163	88,429
Increase in contract liabilities		222	298	1,109	603	4,326
Increase in other payables and accruals		8,086	6,213	24,223	1,380	22,172
Increase in provision		14	156	140	66	151
Cash used in operations		(53,021)	(66,708)	(69,663)	(29,427)	(65,298)
Interest received		61	21	100	32	503
Net cash flows used in operating activities		(52,960)	(66,687)	(69,563)	(29,395)	(64,795)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

	Notes	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of financial instruments		(38,000)	(90,000)	—	—	(10,000)
Disposal of financial instruments		43,271	90,246	—	—	10,020
Purchases of items of property, plant and equipment		(8,221)	(5,033)	(16,389)	(8,079)	(12,969)
Net cash flows used in investing activities		(2,950)	(4,787)	(16,389)	(8,079)	(12,949)
CASH FLOWS FROM FINANCING ACTIVITIES						
New loans from related parties		—	2,700	—	—	—
New bank loans		11,000	45,220	79,000	11,000	—
Interest paid		(1,350)	(1,183)	(1,623)	(777)	(387)
Proceeds from redemption liabilities		19,698	70,000	428,415	180,000	44,797
Proceeds from shareholders other than redemption liabilities		2,000	142	1,321	254	1,292
Payment for **[REDACTED]**		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Repayment of loans from related parties		(2,000)	(1,748)	(1,000)	(1,000)	(677)
Repayment of bank loans		(10,429)	(24,669)	(71,372)	(5,447)	(13,850)
Increase in rental deposit		(448)	(262)	(523)	—	(30)
Redemption liabilities issue expenses		(621)	(1,557)	(4,942)	—	(8,318)
Payments of lease liabilities	32	(314)	(1,741)	(2,894)	(1,362)	(1,370)
Net cash flows from financing activities		17,536	86,902	424,220	182,668	19,170
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(38,374)	15,428	338,268	145,194	(58,574)
Cash and cash equivalents at beginning of year/period		38,786	412	15,840	15,840	353,871
Effect of foreign exchange rate changes, net		—	—	(237)	—	(1,775)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		412	15,840	353,871	161,034	293,522
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		412	15,840	353,871	161,034	293,522
Cash and cash equivalents as stated in the consolidated statements of financial position	22	412	15,840	353,871	161,034	293,522

I HISTORICAL FINANCIAL INFORMATION—continued

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	2024	2025	As at June 30, 2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	7,182	10,110	19,441	20,738
Right-of-use assets	14	3,418	2,090	603	1,427
Investment in subsidiaries	15	30,638	40,422	56,693	73,810
Deferred tax assets		—	—	—	—
Prepayments, other receivables and other assets	19	2,751	2,447	1,958	1,733
Total non-current assets		43,989	55,069	78,695	97,708
CURRENT ASSETS					
Inventories	16	13,834	26,222	19,125	1,862
Trade and bills receivables	18	9,098	40,790	107,996	153,461
Debt investments at fair value through other comprehensive income	23	—	—	22,725	11,424
Prepayments, deposits and other receivables	19	3,269	4,749	64,997	165,888
Cash and cash equivalents	22	323	15,754	338,697	268,677
Total current assets		26,524	87,515	553,540	601,312
CURRENT LIABILITIES					
Trade payables	24	10,801	39,807	83,203	126,797
Contract liabilities	27	344	642	1,430	4,949
Other payables and accruals	25	36,371	28,182	40,513	18,445
Interest-bearing loans and borrowings	26	13,310	23,952	40,528	26,919
Lease Liabilities	14	1,986	2,244	661	854
Provisions	28	61	217	357	474
Redemption liabilities	20	115,759	202,550	1,409,488	1,738,922
Derivative liabilities measured at fair value through profit or loss	21	2,411	2,856	—	—
Total current liabilities		181,043	300,450	1,576,180	1,917,360
NET CURRENT LIABILITIES		(154,519)	(212,935)	(1,022,640)	(1,316,048)
TOTAL ASSETS LESS CURRENT LIABILITIES		(110,530)	(157,866)	(943,945)	(1,218,340)
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	26	—	13,200	4,250	4,000
Lease liabilities	14	2,081	481	—	890
Deferred tax liabilities		—	—	—	—
Total non-current liabilities		2,081	13,681	4,250	4,890
Net liabilities		(112,611)	(171,547)	(948,195)	(1,223,230)
EQUITY					
Paid-in capital	29	577	808	—	—
Share capital		—	—	31,503	31,959
Deficits	30	(113,188)	(172,355)	(979,698)	(1,255,189)
Total deficits		(112,611)	(171,547)	(948,195)	(1,223,230)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Dongguan Direct Drive Technology Co., Ltd. and Direct Drive (Beijing) Technology Co., Ltd., was incorporated as a limited liability company in the People's Republic of China (the "PRC") on March 17, 2020. It was converted into a joint stock company with limited liability in December 2025. The registered office address of the Company is Room 225, 2nd Floor, Building 5, Yard 3, Jinghai 5th Road, Beijing Economic-Technological Development Area, Tongzhou District, Beijing, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") was principally engaged in the design, development, manufacturing and commercialization intelligent robotic actuator modules and robots.

In the opinion of the directors, Mr. Zhang, Dongguan Worang Zhongchuang Partnership Enterprise (Limited Partnership)("Worang Zhongchuang"), Dongguan Worang Zhonghe Equity Investment Partnership Enterprise (Limited Partnership)("Worang Zhonghe"), Dongguan Guyuan Investment Partnership Enterprise (Limited Partnership)("Guyuan Investment") and Dongguan Juwuxian Enterprise Management Consulting Co., Ltd.(Juwuxian) are a group of the controlling shareholders of the Group (the "Controlling Shareholder Group") as defined in the document as at the date of this report.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal activities
			Direct	
Dongguan Direct Drive Technology Limited 東莞市本末禾葉科技有限公司*(note a)	PRC/Chinese mainland November 23, 2018	RMB1,000,000	100%	Manufacture of robotic actuator modules and robots
Shenzhen Direct Drive Technology Limited 深圳市本末福葉科技有限公司*(note a)	PRC/Chinese mainland December 21, 2022	RMB30,000,000	100%	Human resource management and operation service support
Guangdong Direct Drive Technology Limited 本末動力（廣東）有限公司(note a)	PRC/Chinese mainland January 22, 2025	RMB10,000,000	100%	R&D and sales of robotic actuator modules and robots

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group.

Note:

(a) No audited financial statements have been prepared for these entities for each of the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.1 BASIS OF PREPARATION—continued

Basis of consolidation—continued

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern basis

The Group incurred accumulated losses and recorded net current liabilities and net liabilities of RMB1,390,029,000 and RMB1,347,370,000 at 30 June 2026, which was mainly due to the liabilities of RMB1,738,922,000 arising from redemption liabilities (note 20 to the Historical Financial Information) as current liabilities. The directors of the Company are of the opinion that the Company does not expect to settle the financial liabilities in next twelve months from 30 June 2026 and the special rights will be waived upon the **[REDACTED]** of the Company and the redemption liabilities will then be reclassified from liabilities to equity. The directors of the Company have also reviewed the Group's cash flow projections prepared by the management of the Company, which cover a period of not less than twelve months from 30 June 2026 and have considered the additional financial resources available to the Group, the internally generated funds from operations and the ability in adjusting the pace of the research and development projects and are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures in IAS 28*[4]

1 Effective for annual/reporting periods beginning on or after January 1, 2027
2 No mandatory effective date yet determined but available for adoption
3 Effective for annual periods beginning on or after 1 January 2029
4 The amendments are applied when an entity first applies IFRS 18

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS—continued

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon **[REDACTED]**. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of **[REDACTED]**. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets), the asset's recoverable

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Impairment of non-financial assets—continued

amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Related parties—continued

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	Shorter of lease term or estimated useful life
Plant and machinery	3 to 10 years
Electronic equipment and others	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Property, plant and equipment and depreciation—continued

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office and factory premises	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Leases—continued

Group as a lessee—continued

(b) Lease liabilities—continued

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Investments and other financial assets—continued

Initial recognition and measurement—continued

will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Derecognition of financial assets—continued

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Impairment of financial assets—continued

General approach—continued

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade receivables which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Classification as equity and financial liabilities—continued

derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, redemption liabilities, derivative liabilities at fair value through profit or loss and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Financial liabilities—continued

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)—continued

and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Income tax—continued

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Income tax—continued

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition

Revenue from contracts with customers

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.

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on acceptance of the products as agreed in the sales contracts.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates employee stock ownership schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Share-based payments—continued

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair values of the share awards granted were estimated as at the grant date by using discounted cash flow method or backsolve method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the share awards were granted, and the fair value of employee share options was determined by using a binomial lattice option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Other employee benefits

Pension scheme

Chinese mainland

The employees of the Group which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Group are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Other employee benefits—continued

Housing fund and other social insurances — Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss as they become payable. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Borrowing costs

During the Relevant Periods, borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Foreign currencies—continued

foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Development expenses

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development expenditure to be capitalised requires the use of judgments and estimation.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued

Judgments—continued

Recognition of income taxes and deferred tax assets—continued

local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgments and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables with shared risk characteristic based on their ageing portfolio. The provision rates are based on aging for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued

Estimation uncertainty—continued

Provision for expected credit losses on trade receivables—continued

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other 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 available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are 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.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on its service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

4. OPERATING SEGMENT INFORMATION—continued

Geographical information

(a) Revenue from external customers

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese mainland	16,334	79,776	279,917	143,328	196,948
Others	1,204	26	1,798	4	3,347
Total Revenue	17,538	79,802	281,715	143,332	200,295

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All of the Group's non-current assets are located in Chinese mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer 1	3,909	N/A*	N/A*	N/A*	N/A*
Customer 2	3,613	N/A*	N/A*	N/A*	N/A*
Customer 3	3,026	49,544	120,466	76,441	107,312
Customer 4	N/A*	10,707	66,026	35,509	N/A*
Customer 5	N/A*	N/A*	29,208	N/A*	N/A*
Customer 6	N/A*	N/A*	N/A*	N/A*	26,261

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers	17,538	79,802	281,715	143,332	200,295

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5. REVENUE, OTHER INCOME AND GAINS—continued

Revenue—continued

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods					
Consumer applications	3,206	63,985	247,756	131,166	164,926
Industrial and commercial applications	10,996	8,496	19,854	6,577	20,997
Embodied joint modules	15	2,681	6,798	2,976	3,305
Robots	3,321	4,640	7,307	2,613	11,067
Total	17,538	79,802	281,715	143,332	200,295
Timing of revenue recognition					
Goods transferred at a point in time	17,538	79,802	281,715	143,332	200,295

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:					
Sale of products	—	300	642	642	1,751

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon acceptance of products. Payment is generally due between 30-60 days after the date of invoices.

The Group has no revenue contract that has an original expected duration of more than one year, thus management has applied the practical expedient under IFRS 15 and is not required to disclose the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied as of the end of each of the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5. REVENUE, OTHER INCOME AND GAINS—continued

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Bank interest income	61	21	100	32	503
Government grants*	862	1,346	2,708	1,602	634
Scrap sales	219	309	1,344	616	1,155
Gains					
Gains on financial assets at fair value through profit or loss	271	246	—	—	20
Total	1,413	1,922	4,152	2,250	2,312

* The Group has received government grants as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings and other loans	1,582	1,402	1,587	782	444
Interest on related party transactions	—	66	34	34	—
Interest on lease liabilities	81	93	105	32	117
	1,663	1,561	1,726	848	561

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,			Six months ended June 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold*		15,176	64,406	221,130	116,848	158,888
Research and development costs		39,040	42,924	55,437	26,893	53,587
Depreciation of property, plant and equipment**	13	1,103	2,658	4,319	2,047	2,409
Depreciation of right-of-use assets**	14	957	1,634	3,133	1,065	2,621
Loss on termination of a lease	14	104	—	—	—	—
Lease payments in respect of short-term leases	14	575	287	1,198	475	682
Impairment of trade receivables	14	905	2,855	491	1,234	2,478
Impairment of other receivables	19	13	20	94	9	(3)
Write-down of inventories to net realisable value*		2,909	1,601	1,278	777	2,178
Fair value losses/(gain) on derivative liabilities at fair value through profit or loss***		(24)	445	5,571	936	—
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Product warranty provision****	28	75	239	597	328	401
Employee benefit expenses (excluding directors' and supervisors' remuneration (note 8))						
– Wages and salaries		35,622	45,034	63,182	29,563	36,493
– Pension scheme contributions		2,134	2,981	5,074	2,156	3,527
– Share-based payment expenses		2,051	2,894	7,016	1,809	17,116
Total		39,807	50,909	75,272	33,528	57,136

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in profit or loss, respectively.

*** The amounts are included in "Other expenses" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration as recorded during the Relevant Periods and the six month ended 30 June 2025 is set out below:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	563	1,451	2,240	869	1,514
Performance related bonus	94	220	3,959	1,538	516
Pension scheme contributions	51	122	183	74	92
Share-based payment expenses	—	12,456	51,742	(79)	45,588
Total	708	14,249	58,124	2,402	47,710

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(a) Independent non-executive directors

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Mr. Huang Min (Note (xiii))	—	—	—	—	—
Ms. Wang Yuqian (Note (xiv))	—	—	—	—	—
Mr. Lam Kwok Sun (Note (xv))	—	—	—	—	—
Total	—	—	—	—	—

(b) Directors and supervisors

Year ended December 31, 2023

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	563	94	51	—	708
Non-executive directors:					
Mr. Li Zexiang (Note (ii))	—	—	—	—	—
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Ms. Guo Chengcheng (Note (v))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	563	94	51	—	708

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	546	65	47	2,995	3,653
Mr. Liu Xuyang(Note (vi))	470	106	47	9,353	9,976
Subtotal	1,016	171	94	12,348	13,629
Supervisor					
Mr. Gong Min(Note (vii))	435	49	28	108	620
Non-executive directors:					
Mr. Li Zexiang (Note (ii))	—	—	—	—	—
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Ms. Guo Chengcheng (Note (v))	—	—	—	—	—
Mr. Zhao Yun(Note (viii))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	1,451	220	122	12,456	14,249

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(b) Directors and supervisors—continued

Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	686	97	54	51,652	52,489
Mr. Liu Xuyang (Note (vi))	720	3,674	54	115	4,563
Mr. Zhang Hongbo (Note (ix))	382	90	45	28	545
Subtotal	1,788	3,861	153	51,795	57,597
Supervisor					
Mr. Gong Min (Note (vii))	89	—	10	(104)	(5)
Ms. Hu Rong (Note (x))	363	98	20	51	532
Subtotal	452	98	30	(53)	527
Non-executive directors:					
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Mr. Zhao Yun (Note (viii))	—	—	—	—	—
Mr. Chen Can (Note (xi))	—	—	—	—	—
Mr. Ji Haiquan (Note (xii))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	2,240	3,959	183	51,742	58,124

Six months ended June 30, 2026

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	510	196	32	22,379	23,117
Mr. Liu Xuyang (Note (vi))	552	180	26	18,684	19,442
Mr. Zhang Hongbo (Note (ix))	452	140	34	4,525	5,151
Subtotal	1,514	516	92	45,588	47,710
Non-executive directors:					
Mr. Zhao Yun (Note (viii))	—	—	—	—	—
Mr. Chen Can (Note (xi))	—	—	—	—	—
Mr. Ji Haiquan (Note (xii))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	1,514	516	92	45,588	47,710

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(b) Directors and supervisors—continued

Six months ended June 30, 2025 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	386	90	27	—	503
Mr. Liu Xuyang (Note (vi))	260	1,413	27	—	1,700
Subtotal	646	1,503	54	—	2,203
Supervisor					
Mr. Gong Min (Note (vii))	89	—	10	(104)	(5)
Ms. Hu Rong (Note (x))	134	35	10	25	204
Subtotal	223	35	20	(79)	199
Non-executive directors:					
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Mr. Zhao Yun (Note (viii))	—	—	—	—	—
Mr. Chen Can (Note (xi))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	869	1,538	74	(79)	2,402

Notes:

(i) Mr. Zhang was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from March 2020. He was re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(ii) Mr. Li Zexiang was appointed as a non-executive director of the Company with effect from March 2021 until March 2024.

(iii) Mr. Shi Chenxing was appointed as a non-executive director of the Company with effect from October 2022 until November 2025.

(iv) Mr. Chen Zhe was appointed as a non-executive director of the Company with effect from October 2022 until July 2025.

(v) Ms. Guo Chengcheng was appointed as a non-executive director of the Company with effect from October 2022 until March 2024.

(vi) Mr. Liu Xuyang was appointed as a director of the Company with effect from March 2024 and re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(vii) Mr. Gong Min was appointed as a supervisor of the Company with effect from March 2024 until April 2025.

(viii) Mr. Zhao Yun was appointed as a director of the Company with effect from March 2024 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(ix) Mr. Zhang Hongbo was appointed as a senior management of the Company with effect from August 2025 and was re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(x) Ms. Hu Rong was appointed as a supervisor of the Company with effect from June 2025 until November 2025.

(xi) Mr. Chen Can was appointed as a director in June 2025 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(xii) Mr. Ji Haiquan was appointed as a director in September 2025 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(xiii) Mr. Huang Min was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**. He served as the secretary of the board at Onewo Inc (stock code: 2602), a company listed on the Stock Exchange, and received remuneration of nil from the Company.

(xiv) Ms. Wang Yuqian was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**.

(xv) Mr. Lam Kwok Sun was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(b) Directors and supervisors—continued

During the Relevant Periods, share awards were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' remuneration disclosures.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods.

Save for the non-executive directors, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six month ended June 30, 2025 included zero, two, two, two and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining five, three, three, three and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,969	1,844	1,954	992	824
Performance related bonus	313	533	2,837	291	293
Pension scheme contributions	149	74	105	41	53
Share-based payment expenses	1,654	2,064	252	72	10,162
Total	4,085	4,515	5,148	1,396	11,332

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
	Numbers of employees				
Nil to HK$ 1,000,000	5	1	—	3	—
HK$ 1,000,001 to HK$ 1,500,000	—	—	2	—	—
HK$ 1,500,001 to HK$ 2,000,000	—	1	—	—	—
HK$ 2,000,001 to HK$ 2,500,000	—	1	—	—	—
HK$ 3,000,001 to HK$ 3,500,000	—	—	1	—	—
HK$ 4,500,001 to HK$ 5,000,000	—	—	—	—	1
HK$ 5,000,001 to HK$ 5,500,000	—	—	—	—	1
Total	5	3	3	3	2

During the Relevant Periods, share awards were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9. FIVE HIGHEST PAID EMPLOYEES—continued

included in the disclosures in note 31 to the Historical Financial Information. The fair value of such share awards, which have been recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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.

Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

The Company was qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant governmental authority in the PRC for every three years.

A reconciliation of the tax expense applicable to loss before tax at the applicable tax rate in Chinese mainland and to the tax expense at the effective tax rate is as follows:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Tax charge at the statutory tax rate of 25%	(18,896)	(23,434)	(220,244)	(8,142)	(97,683)
Entities subject to lower statutory income tax rate	8,222	11,260	86,679	3,721	1,058
Additional deductible allowance for qualified research and development expenses	(3,848)	(4,062)	—	—	—
Expenses not deductible for tax	2,011	3,143	117,666	1,822	75,436
Deductible temporary differences not recognised	469	868	8,646	296	11,801
Tax losses not recognised	12,042	12,225	7,253	2,303	9,388
Total	—	—	—	—	—

According to the PRC Corporate Income Tax regulations, the Company was entitled to additional deduction of 100% of qualified R&D expenses from taxable income from 2023 to 2024.

Deferred tax assets have not been recognised in respect of the following items:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Tax losses	146,428	234,055	277,704	252,420	318,707
Deductible temporary differences	6,296	6,421	9,159	6,787	55,970
Total	152,724	240,476	286,863	259,207	374,677

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

10. INCOME TAX—continued

Chinese mainland—continued

The Group has accumulated tax losses in Chinese mainland of RMB146,428,000, RMB234,055,000, RMB277,704,000 and RMB318,707,000 as at the end of each of the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for each of the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods. The weighted average numbers of ordinary shares in issue for the Relevant Periods before the conversion of the Company into a joint stock company were determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:10.4 (per RMB 1 paid-in capital) as upon conversion of the Company into a joint stock company in December 2025.

Because the diluted loss per share amount is decreased when taking warrants into account, the warrants had an anti-dilutive effect on the basic loss per share for the Relevant Periods and were ignored in the calculation of diluted loss per share.

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,			Six months ended June 30,	
	2023	2024	2025	2025	2026
				RMB'000 (unaudited)	RMB'000
Loss					
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(75,585)	(93,735)	(880,977)	(32,566)	(390,732)
Shares					
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation ('000)*	59,195	81,506	167,871	106,858	318,930

* The weighted average number of ordinary shares in issue used in the basic loss per share calculation has been adjusted retrospectively to reflect the subdivision of shares on a one-for-ten basis, which shall take effect immediately before the **[REDACTED]**.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
At January 1, 2023				
Cost	1,598	772	—	2,370
Accumulated depreciation	(188)	(200)	—	(388)
Net carrying amount	1,410	572	—	1,982
At January 1, 2023, net of accumulated depreciation	1,410	572	—	1,982
Additions	2,195	1,217	2,891	6,303
Depreciation provided during the year	(368)	(336)	(399)	(1,103)
At December 31, 2023, net of accumulated depreciation	3,237	1,453	2,492	7,182
At December 31, 2023				
Cost	3,793	1,989	2,891	8,673
Accumulated depreciation	(556)	(536)	(399)	(1,491)
Net carrying amount	3,237	1,453	2,492	7,182

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024					
At January 1, 2024					
Cost	3,793	1,989	2,891	—	8,673
Accumulated depreciation	(556)	(536)	(399)	—	(1,491)
Net carrying amount	3,237	1,453	2,492	—	7,182
At January 1, 2024, net of accumulated depreciation	3,237	1,453	2,492	—	7,182
Additions	4,242	181	—	1,163	5,586
Depreciation provided during the year	(888)	(615)	(1,155)	—	(2,658)
At December 31, 2024, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
At December 31, 2024					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Group —continued

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2025					
At January 1, 2025					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110
At January 1, 2025, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
Additions	9,485	624	—	7,141	17,250
Transfers	3,841	—	—	(3,841)	—
Depreciation provided during the year	(2,602)	(562)	(1,155)	—	(4,319)
At December 31, 2025, net of accumulated depreciation	17,315	1,081	182	4,463	23,041
At December 31, 2025					
Cost	21,361	2,794	2,891	4,463	31,509
Accumulated depreciation	(4,046)	(1,713)	(2,709)	—	(8,468)
Net carrying amount	17,315	1,081	182	4,463	23,041

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2026					
At January 1, 2026					
Cost	21,361	2,794	2,891	4,463	31,509
Accumulated depreciation	(4,046)	(1,713)	(2,709)	—	(8,468)
Net carrying amount	17,315	1,081	182	4,463	23,041
At January 1, 2026, net of accumulated depreciation	17,315	1,081	182	4,463	23,041
Additions	2,380	640	—	10,415	13,435
Transfers	—	—	1,982	(1,982)	—
Depreciation provided during the period	(1,888)	(300)	(221)	—	(2,409)
At June 30, 2026, net of accumulated depreciation	17,807	1,421	1,943	12,896	34,067
At June 30, 2026					
Cost	23,741	3,425	4,873	12,896	44,935
Accumulated depreciation	(5,934)	(2,004)	(2,930)	—	(10,868)
Net carrying amount	17,807	1,421	1,943	12,896	34,067

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Company

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
At January 1, 2023				
Cost	1,598	772	—	2,370
Accumulated depreciation	(188)	(200)	—	(388)
Net carrying amount	1,410	572	—	1,982
At January 1, 2023, net of accumulated depreciation	1,410	572	—	1,982
Additions	2,195	1,217	2,891	6,303
Depreciation provided during the year	(368)	(336)	(399)	(1,103)
At December 31, 2023, net of accumulated depreciation	3,237	1,453	2,492	7,182
At December 31, 2023				
Cost	3,793	1,989	2,891	8,673
Accumulated depreciation	(556)	(536)	(399)	(1,491)
Net carrying amount	3,237	1,453	2,492	7,182

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024					
At January 1, 2024					
Cost	3,793	1,989	2,891	—	8,673
Accumulated depreciation	(556)	(536)	(399)	—	(1,491)
Net carrying amount	3,237	1,453	2,492	—	7,182
At January 1, 2024, net of accumulated depreciation	3,237	1,453	2,492	—	7,182
Additions	4,242	181	—	1,163	5,586
Depreciation provided during the year	(888)	(615)	(1,155)	—	(2,658)
At December 31, 2024, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
At December 31, 2024					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Company—continued

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2025					
At January 1, 2025					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110
At January 1, 2025, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
Additions	9,484	251	—	3,910	13,645
Transfers	3,841	—	—	(3,841)	—
Depreciation provided during the year	(2,602)	(557)	(1,155)	—	(4,314)
At December 31, 2025, net of accumulated depreciation	17,314	713	182	1,232	19,441
At December 31, 2025					
Cost	21,360	2,421	2,891	1,232	27,904
Accumulated depreciation	(4,046)	(1,708)	(2,709)	—	(8,463)
Net carrying amount	17,314	713	182	1,232	19,441

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
June 30, 2026					
At January 1, 2026					
Cost	21,360	2,421	2,891	1,232	27,904
Accumulated depreciation	(4,046)	(1,708)	(2,709)	—	(8,463)
Net carrying amount	17,314	713	182	1,232	19,441
At January 1, 2026, net of accumulated depreciation	17,314	713	182	1,232	19,441
Additions	502	—	—	3,042	3,544
Transfers	—	—	168	(168)	—
Depreciation provided during the period	(1,825)	(235)	(187)	—	(2,247)
At June 30, 2026, net of accumulated depreciation	15,991	478	163	4,106	20,738
At June 30, 2026					
Cost	21,862	2,412	3,059	4,106	31,439
Accumulated depreciation	(5,871)	(1,934)	(2,896)	—	(10,701)
Net carrying amount	15,991	478	163	4,106	20,738

Considering the losses position at the end of each of the Relevant Periods, an impairment review of the non-current assets, including the property, plant and equipment, right-of-use assets and prepayment for property, plant and equipment, has been conducted by the management as at the end of each of the Relevant Periods according to IAS 36. The management considered that the Group was

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Company—continued

highly centrally managed and its activities including research and development, procurement, manufacture and production, sales are all governed and managed in headquarters. The entities that hold non-current assets are highly inter-related and cannot be considered to generate cash inflows that are largely independent of each other. Therefore, the Group as a whole constitutes one cash-generating unit ("CGU") for the purposes of impairment testing of non-current assets located in different entities. The recoverable amount of the CGU was determined based on value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins were estimated based on historical information achieved and the expected market development. The discount rate adopted reflected the time valued and specific risks relating to the Group. According to the impairment test results, the recoverable amount of the CGU was larger than the carrying amount of the non-current assets, thus no impairment loss was recognised as at the end of each of the Relevant Periods.

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Pre-Tax Weighted Average Cost of Capital	16.03%	16.43%	16.34%	15.35%
Revenue Growth Rate	81.50%	51.10%	25.86%	13.76%
Gross Profit Rate	26.47%	27.27%	27.99%	27.76%

* The Company had conducted quantitative sensitivity analysis on the key valuation assumptions as at the end of each of the Relevant Periods, which indicated that a 1% change in these inputs would not have impacts on the impairment test results.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office and factory premises used in its operations. Leases of office and factory premises generally have lease terms between 1 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Office and factory premises

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	3,418	2,090	8,347
Additions	4,876	306	9,390	12,601
Depreciation charge	(957)	(1,634)	(3,133)	(2,621)
Termination	(501)	—	—	—
Carrying amount at end of year/period	3,418	2,090	8,347	18,327

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. LEASES—continued

The Group as a lessee—continued

The Company

Office and factory premises

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	3,418	2,090	603
Additions	4,876	306	782	1,448
Depreciation charge	(957)	(1,634)	(2,269)	(624)
Termination	(501)	—	—	—
Carrying amount at end of year/period	3,418	2,090	603	1,427

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	4,067	2,725	9,191
Additions	4,810	306	9,255	12,601
Accretion of interest recognised during the year/period	81	93	105	117
Termination	(510)	—	—	(109)
Lease payment	(314)	(1,741)	(2,894)	(1,370)
Carrying amount at end of year/period	4,067	2,725	9,191	20,430
Analysed into:				
Current portion	1,986	2,244	3,353	6,420
Non-current portion	2,081	481	5,838	14,010

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	4,067	2,725	661
Additions	4,810	306	782	1,448
Accretion of interest recognised during the year/period	81	93	48	6
Termination	(510)	—	—	(109)
Lease payment	(314)	(1,741)	(2,894)	(262)
Carrying amount at end of year/period	4,067	2,725	661	1,744
Analysed into:				
Current portion	1,986	2,244	661	854
Non-current portion	2,081	481	—	890

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. LEASES—continued

The Group as a lessee—continued

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Lease payments in respect of short-term leases	575	287	1,198	682
Loss on termination of a lease	104	—	—	—
Interest on lease liabilities	81	93	105	117
Depreciation charge of right-of-use assets	957	1,634	3,133	2,621
Total amount recognised in profit or loss	1,717	2,014	4,436	3,420

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Lease payments in respect of short-term leases	575	287	810	56
Loss on termination of a lease	104	—	—	—
Interest on lease liabilities	81	93	48	6
Depreciation charge of right-of-use assets	957	1,634	2,269	624
Total amount recognised in profit or loss	1,717	2,014	3,127	686

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

15. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Dongguan Direct Drive Technology Limited (東莞市本末禾葉科技有限公司)	55	70	1,099	1,609
Shenzhen Direct Drive Technology Limited (深圳市本末福葉科技有限公司)	30,583	40,252	40,473	41,880
Beijing Direct Drive Technology Limited (北京本末清葉科技有限公司)	—	100	128	128
Guangdong Direct Drive Technology Limited (本末動力(廣東)有限公司)	—	—	14,993	30,193
Total	30,638	40,422	56,693	73,810

The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each of the Relevant Periods and no impairment was needed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

16. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	7,299	13,164	22,127	52,602
Work in process	1,490	4,454	6,551	5,502
Finished goods	4,666	7,315	3,442	21,356
Goods in transit and contract costs	379	1,289	—	3,111
Total	13,834	26,222	32,120	82,571

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	7,299	13,164	15,222	—
Work in process	1,490	4,454	2,422	—
Finished goods	4,666	7,315	1,481	—
Goods in transit	379	1,289	—	1,862
Total	13,834	26,222	19,125	1,862

17. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Lease liabilities
	RMB'000
As at January 1, 2023	—
Deferred tax credited to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax debited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax credited to profit or loss during the year	1,712
As at December 31, 2025 and January 1, 2026	2,026
Deferred tax credited to profit or loss during the period	2,423
As at June 30, 2026	4,449

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. DEFERRED TAX ASSETS AND LIABILITIES—continued

Deferred tax assets—continued

The Company

	Lease liabilities
	RMB'000
As at January 1, 2023	—
Deferred tax credited to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax debited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax debited to profit or loss during the year	(224)
As at December 31, 2025 and January 1, 2026	90
Deferred tax debited to profit or loss during the period	267
As at June 30, 2026	357

Deferred tax liabilities

The Group

	Right-of-use assets
	RMB'000
As at January 1, 2023	—
Deferred tax charged to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax credited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax charged to profit or loss during the year	1,712
As at December 31, 2025 and January 1, 2026	2,026
Deferred tax charged to profit or loss during the period	2,423
As at June 30, 2026	4,449

The Company

	Right-of-use assets
	RMB'000
As at January 1, 2023	—
Deferred tax charged to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax credited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax credited to profit or loss during the year	(224)
As at December 31, 2025 and January 1, 2026	90
Deferred tax credited to profit or loss during the period	267
As at June 30, 2026	357

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. DEFERRED TAX ASSETS AND LIABILITIES—continued

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

The Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	513	314	2,026	4,449
Net deferred tax liabilities recognised in the consolidated statement of financial position	513	314	2,026	4,449
Net deferred tax liabilities	—	—	—	—

The Company

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	513	314	90	357
Net deferred tax liabilities recognised in the consolidated statement of financial position	513	314	90	357
Net deferred tax liabilities	—	—	—	—

18. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	—	—	2,206	2,618
Trade receivables	10,147	44,698	81,628	174,994
	10,147	44,698	83,834	177,612
Less: Impairment of trade receivables	(1,049)	(3,904)	(4,395)	(6,873)
Trade and bills receivables, net	9,098	40,794	79,439	170,739

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	—	—	2,206	2,618
Trade receivables	10,147	44,681	76,229	97,773
Due from subsidiaries	—	12	33,730	57,380
	10,147	44,693	112,165	157,771
Less: Impairment of trade receivables	(1,049)	(3,903)	(4,169)	(4,310)
Trade receivables, net	9,098	40,790	107,996	153,461

* The Company estimated that the expected loss for its trade receivables due from subsidiaries is minimal.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. TRADE AND BILLS RECEIVABLES—continued

The Company has pledged trade receivables of RMB10,000,000 to secure a bank loan granted to the Company as at December 31, 2025 and had been released as at 30 June 2026.

Bills receivables are subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its customers are mainly on credit. The Group generally gives a credit period of 30-90 days. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Long aging balances are reviewed regularly by senior management. The Group has certain concentration of credit risk as 78.82%, 91.42%, 81.25% and 79.99% of trade receivables were due from the top five customers as at December 31, 2023, 2024 and 2025 and June 30, 2026 respectively. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	8,891	40,593	79,080	170,385
1 year to 2 years	207	201	341	159
2 years to 3 years	—	—	18	195
Total	9,098	40,794	79,439	170,739

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	8,891	40,589	107,637	153,106
1 year to 2 years	207	201	341	159
2 years to 3 years	—	—	18	196
Total	9,098	40,790	107,996	153,461

The movements in the loss allowance for impairment of the trade receivables are as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	144	1,049	3,904	4,395
Impairment losses, net (note 7)	905	2,855	491	2,478
At end of year/period	1,049	3,904	4,395	6,873

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. TRADE AND BILLS RECEIVABLES—continued

The Group overall considers the characteristics of the shared credit risk and the aging of the trade receivables to measure the expected credit losses. The expected credit losses of trade receivables are assessed on an individual or portfolio basis. Considering the credit risk characteristics of different customers, the Group assesses the expected credit losses of trade receivables with shared risk characteristics based on their ageing portfolio, adjusted as appropriate to reflect current and forward-looking information. The aging profile is determined based on the revenue recognition date.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

As at December 31, 2023

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	849	100%	849
On a collective basis:			
Within 1 year	9,060	1.87%	169
1 year to 2 years	238	12.94%	31
Total	10,147	10.34%	1,049

As at December 31, 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	1,023	100%	1,023
On a collective basis:			
Within 1 year	43,253	6.15%	2,660
1 year to 2 years	422	52.23%	221
Total	44,698	8.73%	3,904

As at December 31, 2025

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	929	100%	929
On a collective basis:			
Within 1 year	82,351	3.97%	3,271
1 year to 2 years	517	34.24%	176
2 years to 3 years	37	51.35%	19
Total	83,834	5.24%	4,395

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. TRADE AND BILLS RECEIVABLES—continued

The Group—continued

As at June 30, 2026

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	929	100%	929
On a collective basis:			
Within 1 year	176,128	3.26%	5,743
1 year to 2 years	220	27.73%	61
2 years to 3 years	335	41.79%	140
Total	177,612	3.87%	6,873

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Value-added tax recoverable	2,173	2,663	10,443	23,057
Prepayments	291	337	6,111	6,903
Due from related parties (note 35(b))	31	1	1,292	275
Deferred **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables and deposit	355	689	2,167	1,608
	2,850	3,690	22,475	36,946
Less: Impairment of other receivables and deposit	(3)	(10)	(71)	(31)
Total	2,847	3,680	22,404	36,915
Non-Current				
Other receivables and deposits	448	709	1,364	2,093
Prepayments for property, plant and equipment	2,325	1,773	2,488	6,287
	2,773	2,482	3,852	8,380
Less: Impairment of other receivables and deposit	(22)	(35)	(68)	(105)
Total	2,751	2,447	3,784	8,275

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES—continued

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Value-added tax recoverable	2,155	2,662	314	274
Prepayments	286	337	4,896	5,776
Due from related parties (note 35(b))	31	1	1,292	275
Deferred **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other receivables and deposit	312	640	1,551	744
Due from subsidiaries	488	1,119	54,550	153,735
	3,272	4,759	65,065	165,907
Less: Impairment of other receivables and deposit	(3)	(10)	(68)	(19)
Total	3,269	4,749	64,997	165,888
Non-Current				
Other receivables and deposits	448	709	750	992
Prepayments for property, plant and equipment	2,325	1,773	1,246	780
	2,773	2,482	1,996	1,772
Less: Impairment of other receivables and deposit	(22)	(35)	(38)	(39)
Total	2,751	2,447	1,958	1,733

The other receivables and deposits are interest-free and unsecured.

As at the end of each of the Relevant Periods, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	12	25	45	139
Impairment losses, net (note 7)	13	20	94	(3)
At the end of the year/period	25	45	139	136

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES

The Group and the Company

(a) Redemption liabilities issued by the Company

The Company and each of the Company's shareholders have entered into certain shareholders' agreements (the "Shareholders' Agreements") in connection with Series Pre-A to Series C rounds of financing ("Series Financing"). Details of the shareholders' agreement are described in the section headed "History, Development and Corporate Structure" of the document.

Pursuant to the Shareholders' Agreements, certain investors were granted certain special rights, including the right of redemption (put option), liquidation preference and valuation anti-dilution right (collectively "Special Rights").

Redemption right

The Series Financing shall be redeemable by the Company at the option of the investors upon occurrence of certain events, including but not limited to:

(i) failure to complete a qualified **[REDACTED]** or a merger transaction within a specified timeframe; or

(ii) establishing other competing entities externally for the purpose of personal gain or causes significant losses to the redemption rights holders by founders without the unanimous consent of the investors.

The redemption price shall be the higher of: (i) the aggregate **[REDACTED]** price paid by the relevant exercising shareholder for series financing to be redeemed, plus a fixed return calculated at a simple interest rate of 8% per annum on such **[REDACTED]** price from the date of its payment to the redemption date, plus any dividends or distributions declared but unpaid (if any) attributable to such shares; or (ii) the fair market value of the series financing to be redeemed (as may be mutually agreed in writing by the Company and the exercising shareholder, or as determined by a Big Four accounting firm engaged by the Company using a reasonable valuation method).

Liquidation preference

In the event of any liquidation or deemed liquidation event, holders of the Series Financing shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series share and relevant accumulated dividends or declared but undistributed dividends thereon in the sequence as follows: Series C Shares, Series B++ Shares, Series B+ Shares, Series B Shares, Series Pre-B Shares, Series A++ Shares, Series A+ Shares, Series A Shares, Series Pre-A Shares, Series Angel+ Shares, Series Angel Shares.

Valuation anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to adjust their owned shares percentage of the Company by issuing additional paid-in capital at no consideration to the investors from the Company,

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(a) Redemption liabilities issued by the Company—continued

so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Pursuant to the Shareholders' special rights termination agreement dated December 31, 2025, the relevant redemption rights ceased to be exercisable one day before the first filing of the **[REDACTED]** by the Company to the Stock Exchange ("First Filing"), provided that such right shall automatically resume and be deemed to have never ceased to be effective upon the earliest occurrence of any of the following events: (i) the voluntary withdrawal by the Company of its **[REDACTED]** for **[REDACTED]**; (ii) the Company's failure to obtain approval from the **[REDACTED]** of the Stock Exchange and complete the filing with the CSRC within 24 months from the date of the First Filing, if the hearing of the Stock Exchange has been passed or the filing with the CSRC has been completed, such 24-month period shall be automatically extended by a further 12 months; or (iii) the Company's failure, for whatever reason, to complete the **[REDACTED]** on the Stock Exchange within 12 months from the date on which the filing with the CSRC is completed. All other shareholders' special rights granted under the foregoing documents will be automatically terminated upon or before the **[REDACTED]** in accordance with the terms of the Shareholders' special rights termination agreement.

(b) Presentation and classification

As the Shareholders' Agreements gave rise to redemption obligation of the Company, upon the issuance of each Series Financing, the Company classifies the Series Financing as financial liabilities and debited to capital reserve in equity. As the special rights granted to the investors of Series Financing in the Shareholders' Agreements form a hybrid contract with multiple embedded derivatives which satisfy the criteria under IFRS9, upon the issuance of each series financing, the Group designated the entire hybrid instrument as financial liabilities at fair value through profit or loss upon initial recognition and presented as "redemption liabilities" in the consolidated statements of financial position. The change in fair value of the financial liabilities on series financing is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the financial liabilities on series financing attributable to changes of own credit risk is not significant.

The financial liabilities on Series Financing were presented as current liabilities as they would be required to be settled immediately once the triggering events relating to founders which were out of the control of the Company occurred.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(b) Presentation and classification—continued

The movements of the redemption liabilities are set out below:

	Series Pre-A Shares	Series A Shares	Series A+ Shares	Series A++ Shares	Series Pre-B Shares	Series B Shares	Series B+ Shares	Series B++ Shares	Series C Shares	Total Shares
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	22,356	61,394	—	—	—	—	—	—	—	83,750
Issue	—	5,000	14,000	698	—	—	—	—	—	19,698
Changes in the carrying amount	6,103	5,196	977	35	—	—	—	—	—	12,311
At December 31, 2023	28,459	71,590	14,977	733	—	—	—	—	—	115,759
At January 1, 2024	28,459	71,590	14,977	733	—	—	—	—	—	115,759
Issue	—	—	—	—	70,000	—	—	—	—	70,000
Changes in the carrying amount	5,059	5,230	1,124	48	5,330	—	—	—	—	16,791
At December 31, 2024	33,518	76,820	16,101	781	75,330	—	—	—	—	202,550
At January 1, 2025	33,518	76,820	16,101	781	75,330	—	—	—	—	202,550
Issue	—	8,526*	—	—	—	140,000	40,000	108,316	140,000	436,842
Changes in the carrying amount	82,396	133,568	28,764	1,456	117,876	215,599	58,133	132,216	88	770,096
At December 31, 2025	115,914	218,914	44,865	2,237	193,206	355,599	98,133	240,532	140,088	1,409,488
At January 1, 2026	115,914	218,914	44,865	2,237	193,206	355,599	98,133	240,532	140,088	1,409,488
Issue	—	—	—	—	—	—	—	—	44,797	44,797
Changes in the carrying amount	25,801	36,569	9,619	479	40,696	68,977	18,817	45,264	38,415	284,637
At June 30, 2026	141,715	255,483	54,484	2,716	233,902	424,576	116,950	285,796	223,300	1,738,922

* The issue in Series A was related to the exercise of warrants, details were set out in note 21.

The Group used the discounted cash flow or back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model ("OPM model") to arrive the fair value of the redemption liabilities as at the end of each reporting period with reference to valuation report carried out by an independent valuer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(b) Presentation and classification—continued

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
Risk-free interest rate	2.21%	1.09%	1.41%	1.28%
DLOM	13.00%-20.00%	18.00%-23.00%	8.00%-10.00%	7.00%-9.00%
Volatility	45.16%	60.20%	49.62%	50.13%
Discount rate	14.00%	14.00%	NA	13.00%

The Group estimated the risk-free interest rate based on the yield of China government bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine DLOM. Volatility was estimated based on annualized standard deviation of daily shares price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

		Increase/(Decrease) in the fair value			
		Year ended December 31,			Six months ended June 30,
	Decrease/(Increase) in the inputs	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Risk-free interest rate	(1%)/1%	646/(631)	654/(639)	1,328/(1,280)	843/(814)
DLOM	(1%)/1%	1,662/(1,662)	2,892/(2,892)	17,671/(17,671)	20,829/(20,829)
Volatility	(1%)/1%	(49)/44	47/(51)	(86)/74	(115)/109
Discount rate	(1%)/1%	26,740/(22,392)	39,686/(32,868)	NA	263,624/(217,459)

21. DERIVATIVE LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

On July 4, 2022, the Company entered into an agreement with Innoven (Shanghai) Equity Investment Partnership Enterprise (Limited Partnership) ("Innoven"). Under the agreement, the Company granted the right to Innoven to subscribe for or accept a transfer of the Company's registered capital at the exercise price, which is referenced to the price of financing received by the Company next to the round of Pre-A financing. Innoven may exercise this right at any time during the exercise period by delivering an exercise notice and paying the corresponding exercise price (except in the case of a net exercise, where no payment is required) or request the Company to settle the warrant by cash. On December 22, 2025, Innoven exercised the warrant, the exercisable shares according to the

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

21. DERIVATIVE LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS—continued

arrangement was 98,736 shares. Innoven obtained 98,736 shares of the Company with special rights same as Series A shares at cash consideration of RMB98,736, and the relevant derivative liability of RMB8,427,000 was classified as redemption liabilities upon exercise.

On June 27, 2023, the Company entered into a loan agreement with China CITIC Bank Corporation Limited ("CITIC Bank"), which included a detachable warrant component. Pursuant to the agreement, CITIC Bank provided a loan facility of RMB8,000,000 to the Company and granted a warrant to the Company. The warrant entitles an investor which will be designated by CITIC Bank to acquire 2% of the Company's equity interests, either through a share transfer from Mr. Zhang or a new issuance by the Company. The exercise price per share of the warrant is set at 90% of the market price per share of the Company which should be determined based on the Company's equity value of its latest round of fund raising. In November 2025, CITIC Bank entered into a Termination Agreement about the warrant and the accumulated changes in fair value was reversed upon termination.

Both warrants were classified as derivative financial liabilities measured at fair value through profit or loss. Changes in the fair value of the liabilities are recognised in "other expenses" in profit or loss.

The Group applied the binomial lattice option pricing model to arrive the fair value of the warrants as at the end of each of the Relevant Periods with reference to valuation report carried out by an independent valuer.

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,		
	2023	2024	2025
Risk-free interest rate	2.32%/2.56%	1.16%/1.68%	1.42%
Volatility	48.09%/49.86%	55.37%/55.67%	49.65%

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

		(Decrease)/Increase in the fair value		
		Year ended December 31,		
	Decrease/(Increase) in the inputs	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Risk-free interest rate	(1%)/1%	(43)/43	(23)/23	NA
Volatility	(1%)/1%	(36)/36	(22)/22	NA

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

22. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	397	15,840	353,217	252,362
Time deposits	—	—	—	41,116
Cash held at third party payment platforms	15	—	654	44
	412	15,840	353,871	293,522
Cash and cash equivalents	412	15,840	353,871	293,522
Denominated in:				
RMB	412	15,840	332,782	228,962
USD	—	—	21,089	64,477
HKD	—	—	—	83
Total	412	15,840	353,871	293,522

Cash and cash equivalents include cash and bank balances, time deposit, cash held at third party payment platforms, with cash held on third party payment platforms being deposits at Alipay.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	308	15,754	338,043	227,559
Time deposits	—	—	—	41,116
Cash held at third party payment platforms	15	—	654	2
	323	15,754	338,697	268,677
Cash and cash equivalents	323	15,754	338,697	268,677
Denominated in				
RMB	323	15,754	317,608	204,311
USD	—	—	21,089	64,366
Total	323	15,754	338,697	268,677

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bills	—	—	22,725	11,424

The above bank acceptance bills are issued by reputable banks in Chinese mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling. Due to their relatively short remaining maturity, the fair value approximates the carrying amount.

24. TRADE PAYABLES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,589	36,681	62,397	150,826

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	9,589	36,681	62,397	150,826
	9,589	36,681	62,397	150,826

The trade payables are non-interest-bearing and are normally settled on 2- to 3-month terms.

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,436	36,681	37,034	1,172
Due to subsidiaries	1,365	3,126	46,169	125,625
	10,801	39,807	83,203	126,797

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

24. TRADE PAYABLES—continued

The Company—continued

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	10,801	39,807	83,203	126,797
Total	10,801	39,807	83,203	126,797

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payables	6,410	7,726	13,431	13,606
Other tax payables	103	1,938	12,494	25,283
Payables for property, plant and equipment	224	51	1,627	5,892
Other payables*	2,172	2,154	1,100	5,213
Payables of financing expenses for redemption liabilities	1,728	3,358	7,000	—
Payables of **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Due to a related party (note 35(b))	727	1,742	—	—
Total	11,364	16,969	37,126	55,528

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll payables	4,930	6,163	129	601
Other tax payables	283	1,600	6,191	6,404
Payables for property, plant and equipment	224	51	1,485	3,187
Other payables*	1,990	2,489	252	237
Payables for redemption liabilities issue expenses	1,728	3,358	7,000	—
Payables for **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Due to a related party	105	1,120	—	—
Due to subsidiaries	27,111	13,401	23,982	2,482
Total	36,371	28,182	40,513	18,445

* Other payables, which primarily consist of accrued expenses and deposits received, are non-interest-bearing and have an average term of three months.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

26. INTEREST-BEARING BANK LOANS

The Group

	At December 31,									At June 30,		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans—secured	4	2024	10,742	3.50-3.60	2025	18,030	2.3-3.85	2026	40,023	2.3-3.4	2026	26,415
Current portion of long-term bank loans—secured			—	3.25-4.30	2025	5,922			—			—
Current portion of long-term bank loans and other loans—unsecured	6	2024	5,571			—	3.4-3.5	2026	505	3.4	2027	504
Total—current			16,313			23,952			40,528			26,919
Non-current												
Bank loans—secured			—	3.25-3.50	2027	13,200			—			—
Bank loans—unsecured			—			—	3.4-3.5	2027	4,250	3.4	2027	4,000
Total—non-current			—			13,200			4,250			4,000
Total			16,313			37,152			44,778			30,919

Bank loans amounting to RMB10,742,000, RMB37,152,000, RMB40,023,000 and RMB26,415,000 as at December 31, 2023, 2024, 2025 and June 30, 2026 respectively were guaranteed by Mr. Zhang (note 35(c)), and the guarantees provided by Mr. Zhang are expected to be released before the **[REDACTED]**. Included in the balance of 31 December 2025, a short term bank loan amounting to RMB10,000,000 was pledged against the group's account receivable and was released as at June 30, 2026.

All loans were denominated in RMB and the carrying amounts approximate to their fair values as at December 31, 2023, 2024, 2025 and June 30, 2026.

The Company

	At December 31,									At June 30,		
	2023			2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current												
Bank loans—secured	4	2024	7,739	3.50-3.60	2025	18,030	2.3-3.85	2026	40,023	2.3-3.4	2026	26,415
Current portion of long-term bank loans—secured			—	3.25-4.30	2025	5,922			—			—
Current portion of long-term bank loans and other loans—unsecured	6	2024	5,571			—	3.4-3.5	2026	505	3.4	2027	504
Total—current			13,310			23,952			40,528			26,919
Non-current												
Bank loans—secured			—	3.25-3.50	2027	13,200			—			—
Bank loans—unsecured			—			—	3.4-3.5	2027	4,250	3.4	2027	4,000
Total—non-current			—			13,200			4,250			4,000
Total			13,310			37,152			44,778			30,919

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

27. CONTRACT LIABILITIES

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers				
Sale of goods	344	642	1,751	6,077
Analysed for reporting purposes as:				
Current liabilities	344	642	1,751	6,077
Total	344	642	1,751	6,077

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from customers				
Sale of goods	344	642	1,430	4,949
Analysed for reporting purposes as:				
Current liabilities	344	642	1,430	4,949
Total	344	642	1,430	4,949

28. PROVISION

The Group

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Product warranty provision	61	217	357	508

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

28. PROVISION—continued

The Group—continued

The Group generally provides 12 months warranties to its customers on certain of its products 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.

	Product warranty provision
	RMB'000
At January 1, 2023	47
Additional provision (note 7)	75
Amounts utilised during the year	(61)
At December 31, 2023 and January 1, 2024	61
At January 1, 2024	61
Additional provision (note 7)	239
Amounts utilised during the year	(83)
At December 31, 2024	217
At January 1, 2025	217
Additional provision (note 7)	597
Amounts utilised during the year	(457)
At December 31, 2025	357
At January 1, 2026	357
Additional provision (note 7)	401
Amounts utilised during the period	(250)
At June 30, 2026	508

The Company

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Product warranty provision	61	217	357	474

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

29. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Paid-in Capital:

	Paid-in capital
	RMB'000
As at January 1, 2023	500
Capital contribution by shareholders*	7
Investments with redemption rights**	70
As at December 31, 2023	577
As at January 1, 2024	577
Capital contribution by shareholders*	18
Investments with redemption rights**	213
As at December 31, 2024	808
As at January 1, 2025	808
Capital contribution by shareholders*	1,321
Investments with redemption rights**	750
Conversion into a joint stock company***	(2,879)
As at December 31, 2025	—

* During the year ended 31 December 2023, the Company received capital contribution of RMB2,030,000 from two investors. The capital contribution increased the paid-in capital and capital reserve by RMB7,000 and RMB2,023,000, respectively.

During the year ended 31 December 2024, the Company received capital contribution of RMB142,000 from two investors. The capital contribution increased the paid-in capital by RMB18,000 and capital reserve by RMB124,000, respectively.

During the year ended 31 December 2025, the Company received capital contribution of RMB1,471,000 from four investors. The capital contribution increased the paid-in capital by RMB1,321,000 and capital reserve by RMB150,000, respectively.

** During the year ended 31 December 2023, the Company received investments of RMB19,698,000 from Series A, Series A+ and Series A++ investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB70,000 and RMB19,628,000, respectively.

During the year ended 31 December 2024, the Company received investments of RMB70,000,000 from Series Pre-B investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB213,000 and RMB69,787,000, respectively.

During the year ended 31 December 2025, the Company received investments of RMB288,316,000 from Series B, Series B+ and Series B++ investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB750,000 and RMB287,566,000, respectively. For the details of investments with redemption rights, please refer to note 20 to the Historical Financial Information.

*** In December 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and retained profits, were converted into 30,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

29. SHARE CAPITAL/PAID-IN CAPITAL—continued

The Group and the Company—continued

Share Capital:

	Number of shares in issue	Share Capital
		RMB'000
As at January 1, 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB 1 each***	30,000	30,000
Investments with redemption rights****	1,404	1,404
Warrant exercised*****	99	99
As at December 31, 2025	31,503	31,503
As at January 1, 2026	31,503	31,503
Investments with redemption rights****	456	456
As at June 30, 2026	31,959	31,959

**** In December 2025, the Company received capital contribution of RMB140,000,000 from Series C investors with redemption rights, which increased the share capital and capital reserve by RMB1,404,608 and RMB138,595,392, respectively. For the details of investments with redemption rights, please refer to note 20 to the Historical Financial Information. In January 2026, the Company received capital contribution of RMB44,796,722 from Series C investors with redemption rights, which increased the share capital and capital reserve by RMB455,464 and 44,341,258 respectively.

***** In December 2025, the Company issued 98,736 new shares with consideration of RMB98,736 to one particular investor to settle the derivative liabilities for warrant, details were set out in note 21.

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

Capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received. In the meanwhile, mentioned in note 20 to the Historical Financial Information, as the Shareholders' Agreements gave rise to redemption obligation of the Company, upon the issuance of each series financing, the Company classifies the series financing as financial liabilities and debited to capital reserve in equity.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 31 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

30. RESERVES—continued

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Accumulated loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	5,975	26,032	(80,358)	(48,351)
Loss for the year	—	—	(68,841)	(68,841)
Total comprehensive loss for the year	—	—	(68,841)	(68,841)
Share-based payments	—	2,051	—	2,051
Capital contribution by shareholders	2,023	—	—	2,023
Investments with redemption rights	19,628	—	—	19,628
Recognition of redemption liabilities	(19,698)	—	—	(19,698)
At December 31, 2023	7,928	28,083	(149,199)	(113,188)
At January 1, 2024	7,928	28,083	(149,199)	(113,188)
Loss for the year	—	—	(74,428)	(74,428)
Total comprehensive loss for the year	—	—	(74,428)	(74,428)
Share-based payments	—	15,350	—	15,350
Capital contribution by shareholders	124	—	—	124
Investments with redemption rights	69,787	—	—	69,787
Recognition of redemption liabilities	(70,000)	—	—	(70,000)
At December 31, 2024	7,839	43,433	(223,627)	(172,355)
At January 1, 2025	7,839	43,433	(223,627)	(172,355)
Loss for the year	—	—	(836,877)	(836,877)
Total comprehensive loss for the year	—	—	(836,877)	(836,877)
Share-based payments	—	58,758	—	58,758
Capital contribution by shareholders	150	—	—	150
Investments with redemption rights	434,589	—	—	434,589
Conversion into a joint stock company	(192,957)	—	165,836	(27,121)
Recognition of redemption liabilities	(436,842)	—	—	(436,842)
At December 31, 2025	(187,221)	102,191	(894,668)	(979,698)
At January 1, 2026	(187,221)	102,191	(894,668)	(979,698)
Loss for the period	—	—	(337,754)	(337,754)
Total comprehensive loss for the period	—	—	(337,754)	(337,754)
Share-based payments	—	62,704	—	62,704
Capital contribution by shareholders	15	—	—	15
Investments with redemption rights	44,341	—	—	44,341
Conversion into a joint stock company	—	—	—	—
Recognition of redemption liabilities	(44,797)	—	—	(44,797)
At June 30, 2026	(187,662)	164,895	(1,232,422)	(1,255,189)

31. SHARE-BASED PAYMENTS

(a) Employee incentive platforms

The Group approved and adopted the employee stock ownership scheme (the "Employee Stock Ownership Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognize the contributions of the Share Incentive Participants to the growth and development of the Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(a) Employee incentive platforms—continued

In order to implement the Employee Stock Ownership Scheme, Dongguan Worang Zhongchuang Partnership Enterprise (Limited Partnership) ("Worang Zhongchuang") and Dongguan Guyuan Investment Partnership Enterprise (Limited Partnership)("Guyuan Investment") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 1 March 2023, 9 December 2023, 1 July 2024 and 31 December 2025, the Group granted certain directors and eligible employees 3,188,000 restricted award units of the share incentive platforms ("RAUs"), 462,590 RAUs, 1,885,600 RAUs and 9,940,900 RAUs (equivalent to 332,145 shares, 48,200 shares, 196,453 shares and 1,035,700 shares after conversion into a joint stock company) at subscribed prices of RMB0.28, RMB0.06 and RMB0.01 per RAU through Worang Zhongchuang and Guyuan Investment, respectively. The granted RAUs can be vested in stages during four vesting periods. At the end of each vesting period, 25% of the RAUs are entitled to vest under the prerequisite of meeting performance conditions.

On 1 March 2025 and 31 December 2025, the Group granted certain directors and eligible employees 457,300 RAUs and 508,800 RAUs respectively (equivalent to 47,647 shares and 53,006 shares after conversion into a joint stock company) at subscribed prices of RMB0.82 and RMB0.28 per RAU respectively through Worang Zhongchuang. Among the above RAUs granted, 844,100 RAUs were vested immediately, the remaining RAUs will be fully vested in three years under the prerequisite of meeting performance conditions.

The fair values of the RAUs granted were estimated as at the grant date by using discounted cash flow method or backsolve method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the share awards were granted. The key valuation assumptions used to determine the fair value are as follows:

	At grant dates
Expected volatility	45.16% - 60.20%
Risk-free interest rate	1.09% - 2.68%
DLOM	9.62% - 23.09%

Set out below are details of the movements of the outstanding restricted award units granted throughout the Relevant Periods.

	Outstanding at January 1, 2023	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2023
Restricted award units*	—	3,650,590	(148,903)	(1,829,965)	1,671,722

	Outstanding at January 1, 2024	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2024
Restricted award units*	1,671,722	1,885,600	(1,872,688)	(724,841)	959,793

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(a) Employee incentive platforms—continued

	Outstanding at January 1, 2025	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2025
Restricted award units*	959,793	10,906,996	(130,390)	(2,095,441)	9,640,958

	Outstanding at January 1, 2026	Granted during the period	Forfeited	Vested	Outstanding at June 30, 2026
Restricted award units*	9,640,958	—	—	(177,324)	9,463,634

* 1 RAU equivalents to RMB0.01 registered capital before conversion into a joint stock company and equivalents to 0.10 share after conversion into a joint stock company.

During the Relevant Periods, the Group recognised share-based payment expenses of RMB1,792,000, RMB168,000, RMB5,141,000, and RMB22,447,000 respectively.

(b) Equity settled share option schemes

In 2023, the Company passed a written resolution of the shareholders of the Company to grant share options ("Share Options") to certain directors and employees of the Group. The Share Options granted will be settled through Worang Zhongchuang as share incentive platforms.

In October 2023, the Group granted 356,200 Share Options (equivalent to 37,112 shares after conversion into a joint stock company) to one eligible employee with the exercise price of RMB0.28 per share option, which will be vested in four year installments and the vesting of Share Options is also under the prerequisite of meeting performance conditions.

In September 2024, the Group granted 3,996,200 Share Options (equivalent to 416,348 shares after conversion into a joint stock company) to thirty eight employees with the exercise price of RMB0.59 per share option, which will be vested in four year instalments and the vesting of Share Options is also under the prerequisite of meeting performance conditions.

In December 2025, the Group granted 426,300 and 26,423,200 Share Options (equivalent to 44,400 shares and 2,752,900 shares after conversion into a joint stock company) with the exercise price of RMB0.82 and RMB0.01, respectively. And the Share Options will be vested in four year instalments and the vesting of share options is also under the prerequisite of meeting performance conditions.

The fair value of Share Options granted were estimated as at the grant date by using the binomial lattice option pricing model. The following table lists the key inputs to the fair value model used:

	For the year ended December 31,		
	2023	2024	2025
Risk-free interest rate	2.56%	2.15%	1.85%
Volatility	48.09%	58.45%	49.55%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(b) Equity settled share option schemes—continued

The share options granted and outstanding during the Relevant Periods are as follows:

	Number of share options	Weighted average exercise price per share
		RMB
At 1 January 2023	—	—
Granted during the year	356,214	0.28
Forfeited during the year	—	—
Exercised during the year	(89,054)	0.28
At 31 December 2023	267,160	0.28
At 1 January 2024	267,160	0.28
Granted during the year	3,996,200	0.59
Forfeited during the year	(427,161)	0.40
Exercised during the year	—	—
At 31 December 2024	3,836,199	0.59
At 1 January 2025	3,836,199	0.59
Granted during the year	26,849,465	0.02
Forfeited during the year	(576,042)	0.59
Exercised during the year	—	—
At 31 December 2025	30,109,622	0.06
At January 1, 2026	30,109,622	0.06
Granted during the period	—	—
Forfeited during the period	—	—
Exercised during the period	(15,900)	3.40
At June 30, 2026	30,093,722	0.06

* 1 Share Option of the share incentive platforms equivalents to RMB0.01 registered capital before conversion into a joint stock company and equivalents to 0.10 share after conversion into a joint stock company.

In January 2026, the Group entered into supplementary agreements with two former employees to reduce the number of shares granted related with the vested but unexercised options. The modification does not result in any incremental fair value.

During the Relevant Periods, the Group recognised expenses of RMB258,000, RMB838,000, RMB2,088,000 and RMB40,257,000 respectively, for the above Share Options granted.

(c) Other share-based payments arrangement

On January 11, 2024, the Group granted certain directors and eligible employees RMB73,403 registered capital (equivalent to 764,756 Shares after conversion into a joint stock company) of the Company at subscribed prices of RMB27,717 in total. The share awarded to them were vested immediately and the Group recognised expenses of RMB14,345,000.

On September 4, 2025, the Company issued RMB183,479 registered capital (equivalent to 1,911,601 Shares after conversion into a joint stock company) to Mr. Zhang at a price of RMB1 per

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(c) Other share-based payments arrangement—continued

registered capital, which was below the fair value at the time of issuance. The transaction has been accounted for as an equity-settled share-based payment and the Group recognised expenses of RMB51,528,000.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,810,000, RMB306,000, RMB9,255,000 and RMB12,601,000 respectively, in respect of lease arrangements for buildings premises.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non—cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest bearing bank loans	Lease liabilities	Redemption liabilities	Amount due to related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	16,356	—	83,750	2,727	102,833
Changes from financing cash flow	(1,625)	(314)	—	(2,000)	(3,939)
New Lease	—	4,810	—	—	4,810
Termination	—	(510)	—	—	(510)
New redemption liabilities	—	—	19,698	—	19,698
Changes in the carrying amount of the redemption liabilities	—	—	12,311	—	12,311
Accretion of interest	1,582	81	—	—	1,663
At December 31, 2023 and January 1, 2024	16,313	4,067	115,759	727	136,866
Changes from financing cash flow	19,371	(1,741)	—	949	18,579
New Lease	—	306	—	—	306
New redemption liabilities	—	—	70,000	—	70,000
Changes in the carrying amount of the redemption liabilities	—	—	16,791	—	16,791
Accretion of interest	1,402	93	—	66	1,561
At December 31, 2024 and January 1, 2025	37,086	2,725	202,550	1,742	244,103
Changes from financing cash flow	6,039	(2,894)	—	(1,099)	2,046
New Lease	—	9,255	—	—	9,255
New redemption liabilities	—	—	436,842	—	436,842
Changes in the carrying amount of the redemption liabilities	—	—	770,096	—	770,096
Accretion of interest	1,587	105	—	34	1,726
At December 31, 2025 and January 1, 2026	44,712	9,191	1,409,488	677	1,464,068

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

(b) Changes in liabilities arising from financing activities—continued

	Interest bearing bank loans	Lease liabilities	Redemption liabilities	Amount due to related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Changes from financing cash flow	(14,237)	(1,479)	—	(677)	(16,393)
New Lease	—	12,601	—	—	12,601
New redemption liabilities	—	—	44,797	—	44,797
Changes in the carrying amount of the redemption liabilities	—	—	284,637	—	284,637
Accretion of interest	444	117	—	—	561
At June 30, 2026	30,919	20,430	1,738,922	—	1,790,271

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within operating activities	575	287	1,198	682
Within financing activities	314	1,741	2,894	1,370
Total	889	2,028	4,092	2,052

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans is included in note 18 to the financial statements.

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	1,400	4,128	11,096	15,815

35. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following are related parties that have material transactions or balances with the Group during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

35. RELATED PARTY TRANSACTIONS—continued

(a) Name and relationships of the related parties

Name	Relationship
Mr. Zhang	Executive director and one of the Controlling Shareholders
Worang Zhongchuang	One of the Controlling Shareholders
Guyuan Investment	One of the Controlling Shareholders
Juwuxian	One of the Controlling Shareholders

(b) Outstanding balances with related parties:

The Group

	As at December 31,			As at 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties:				
Worang Zhongchuang*	31	1	1,267	15
Guyuan Investment*	—	—	25	—
Juwuxian**	—	—	—	260
	31	1	1,292	275
Amounts due to related parties:				
Mr. Zhang***	727	1,742	—	—
Total	727	1,742	—	—

* Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position, the balances represent the difference between the exercise price received by Worang Zhongchuang and Guyuan Investment as a share incentive platform from the employees and the subscription price Worang Zhongchuang and Guyuan Investment paid to the Company for the registered capital subscribed, and the balances are expected to be fully repaid before the **[REDACTED]**.

** Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position, the balance as at 30 June 2026 consisted of interest-free loans and were fully repaid in July 2026.

*** Non-trade in nature, included in "Other payables and accruals" in the consolidated statement of financial position and "Finance costs" in profit or loss. The balance as at 31 December 2024 included a loan of RMB1,000 thousand with a lending period of two months and an interest rate of 10%, and the balances and interest were fully repaid in January 2025. Other outstanding balances as at 31 December 2023 and 2024 are interest-free loans, and the balances were fully repaid in December 2025.

(c) Guarantee provided by related parties:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Zhang	10,742	37,152	40,023	26,415

The above guarantees were provided free of charge for bank borrowings with the duration period from 2023 to 2027. And the guarantees provided by related parties are expected to be released before the **[REDACTED]**.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

35. RELATED PARTY TRANSACTIONS—continued

(c) Guarantee provided by related parties—continued:

(d) Compensation of key management personnel of the Group

	Year ended December 31,			Six months ended June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	563	1,451	2,240	1,514
Performance related bonus	94	220	3,959	516
Pension scheme contributions	51	122	183	92
Equity-settled share-based payment expenses	—	12,456	51,742	45,588
Total	708	14,249	58,124	47,710

Further details of directors' and supervisors' remuneration are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income	—	—	22,725	11,424
Total	—	—	22,725	11,424
Financial assets at amortised cost:				
Trade receivables	9,098	40,794	79,439	170,739
Financial assets included in deposit and other receivables	809	1,354	4,684	3,840
Cash and cash equivalents	412	15,840	353,871	293,522
Total	10,319	57,988	437,994	468,101
Financial liabilities				
Financial liabilities at fair value through profit and loss:				
Derivative liabilities measured at fair value through profit or loss	2,411	2,856	—	—
Redemption liabilities	115,759	202,550	1,409,488	1,738,922
Total	118,170	205,406	1,409,488	1,738,922
Financial liabilities at amortised cost:				
Trade payables	9,589	36,681	62,397	150,826
Financial liabilities included in other payables and accruals	4,851	7,305	11,201	16,639
Interest-bearing bank loans and other loans	16,313	37,152	44,778	30,919
Total	30,753	81,138	118,376	198,384

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, loans, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals, interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of debt investments at fair value through other comprehensive income is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

Fair value hierarchy

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative liabilities measured at fair value through profit or loss	—	—	2,411	2,411
Redemption liabilities	—	—	115,759	115,759
Total	—	—	118,170	118,170

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS—continued

Fair value hierarchy—continued

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative liabilities measured at fair value through profit or loss	—	—	2,856	2,856
Redemption liabilities	—	—	202,550	202,550
Total	—	—	205,406	205,406

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Debt investments at fair value through other comprehensive income	—	22,725	—	22,725
Financial liabilities				
Redemption liabilities	—	—	1,409,488	1,409,488

As at June 30, 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Debt investments at fair value through other comprehensive income	—	11,424	—	11,424
Financial liabilities				
Redemption liabilities	—	—	1,738,922	1,738,922

Further details of redemption liabilities are included in note 20 to the Historical Financial Information.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long-term borrowings. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
		RMB'000	RMB'000
Year ended December 31, 2023			
RMB	50	(23)	—
RMB	(50)	23	—
Year ended December 31, 2024			
RMB	50	(266)	—
RMB	(50)	266	—
Year ended December 31, 2025			
RMB	50	(163)	—
RMB	(50)	163	—
Six months ended June 30, 2026			
RMB	50	(64)	—
RMB	(50)	64	—

* Excluding retained losses

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Foreign currency risk—continued

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in foreign currency exchange rates	Increase/(decrease) in profit before tax	(Decrease)/ increase in equity*
	%	RMB'000	RMB'000
Year ended December 31, 2025			
If RMB weakens against the USD	5	1,054	—
If RMB strengthens against the USD	5	(1,054)	—
Six months ended June 30, 2026			
If RMB weakens against the USD	5	3,211	—
If RMB strengthens against the USD	5	(3,211)	—

* Excluding retained losses

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	10,147	10,147
Financial assets included in deposits and other receivables	834	—	—	—	834
Cash and cash equivalents	412	—	—	—	412
Total	1,246	—	—	10,147	11,393

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and year-end staging—continued

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	44,698	44,698
Financial assets included in deposits and other receivables*	1,400	—	—	—	1,400
Cash and cash equivalents	15,840	—	—	—	15,840
Total	17,240	—	—	44,698	61,938

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	81,628	81,628
Debt investments at fair value through other comprehensive income	22,725	—	—	—	22,725
Bill receivables	2,206	—	—	—	2,206
Financial assets included in deposits and other receivables *	4,823	—	—	—	4,823
Cash and cash equivalents	353,871	—	—	—	353,871
Total	383,625	—	—	81,628	465,253

As at June 30, 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	174,994	174,994
Debt investments at fair value through other comprehensive income	11,424	—	—	—	11,424
Bill receivables	2,618	—	—	—	2,618
Financial assets included in deposits and other receivables *	3,999	—	—	—	3,999
Cash and cash equivalents	293,522	—	—	—	293,522
Total	311,563	—	—	174,994	486,557

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and year-end staging—continued

Liquidity risk—continued

receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2023

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	9,589	—	9,589
Financial liabilities included in other payables and accruals	4,851	—	4,851
Lease liabilities	2,042	2,154	4,196
Interest-bearing bank loans	17,293	—	17,293
Redemption liabilities	115,759	—	115,759
Total	149,534	2,154	151,688

As at December 31, 2024

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	36,681	—	36,681
Financial liabilities included in other payables and accruals	7,305	—	7,305
Lease liabilities	2,258	509	2,767
Interest-bearing bank loans	25,443	14,203	39,646
Redemption liabilities	202,550	—	202,550
Total	274,237	14,712	288,949

As at December 31, 2025

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	62,397	—	62,397
Financial liabilities included in other payables and accruals	11,201	—	11,201
Lease liabilities	3,523	5,946	9,469
Interest-bearing bank loans	41,365	4,397	45,762
Redemption liabilities	1,409,488	—	1,409,488
Total	1,527,974	10,343	1,538,317

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and year-end staging—continued

Liquidity risk—continued

As at June 30, 2026

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	150,826	—	150,826
Financial liabilities included in other payables and accruals	16,639	—	16,639
Lease liabilities	6,948	14,503	21,451
Interest-bearing bank loans	27,229	4,062	31,291
Redemption liabilities	1,738,922	—	1,738,922
Total	1,940,564	18,565	1,959,129

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or **[REDACTED]** new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,			As at June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	39,542	101,183	545,731	655,840
Total liabilities	159,908	299,792	1,565,088	2,003,210
Asset-liability ratio*	404%	296%	287%	305%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

39. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events subsequent to June 30, 2026.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to June 30, 2026.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PRC TAXATION

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current law and practice and has not taken into account the expected change or amendment to the relevant laws or policies. The discussion has no intention to cover all possible tax consequences resulting from the **[REDACTED]** in H Shares, nor does it take the specific circumstances of any particular **[REDACTED]** into account, some of which may be subject to special regulations. Accordingly, you should consult your own tax advisor regarding the tax consequences of an **[REDACTED]** in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of the Latest Practicable Date, which is subject to change and may have retrospective effect.

Taxation on Dividends

Individual Investors

Under the provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), last amended on August 31, 2018, and the Regulations on Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), last amended on December 18, 2018 (collectively referred to as the "IIT Law"), dividends disbursed by Chinese enterprises are subject to a flat individual income tax rate of 20%. For foreign individuals who are not residents of China, dividends received from a Chinese enterprise are generally taxed at 20%, unless there are specific exemptions granted by the State Council's tax authority or reductions under an applicable tax treaty. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According to the Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協定待遇管理辦法>的公告》), which came into effect on January 1, 2020, non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future 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 through the withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and accept follow-up administration by the tax authorities. For withholding at source and designated withholding, a non-resident taxpayer asserting that it satisfies the criteria for claiming treaty benefits and need to claim such benefits shall complete an "Information Report on Non-resident Taxpayers Claiming Treaty Benefits" truthfully, submit to the withholding agent voluntarily, gather and retain the relevant materials pursuant to the relevant provisions.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《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 PRC Government has the authority to impose taxes on dividends paid by a PRC company to Hong Kong residents, including both natural persons and legal entities. The tax levied shall not exceed 10% of the total dividends payable by the PRC company. However, if a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company and meets certain conditions as the beneficial owner of the equity, the tax imposed shall not exceed 5% of the total dividends payable by the PRC company.

The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<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》), in effect since December 6, 2019, introduces specific criteria determining entitlement to treaty benefits. According to this protocol, treaty benefits will not be granted if, upon careful consideration of all relevant facts and conditions, it is reasonably determined that obtaining these benefits was a primary purpose of the arrangement or transactions, thereby providing direct or indirect benefits under the Arrangement. Exceptions are made when such benefits align with the Arrangement's relevant objectives and goals.

Additionally, the application of the dividend clause of tax agreements is bound by the stipulations outlined in the PRC tax laws and regulations, including the guidelines specified in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81). Compliance with these regulations is essential in determining the taxation applicable to dividends under the Arrangement.

Enterprise Investors

Pursuant to the provisions outlined in the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), enacted by the National People's Congress of the PRC (NPC) on March 16, 2007, and enforced from January 1, 2008, subsequently amended on February 24, 2017, and December 29, 2018, and in alignment with 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》), promulgated by the State Council on December 6, 2007, and effective from January 1, 2008, last amended on December 6, 2024 and effective on January 20, 2025 (collectively referred to as the "EIT Law"), it is established that a non-resident enterprise is generally liable to a 10% enterprise income tax on income sourced within the PRC. Such income includes dividends and bonuses received from a PRC resident enterprise. This taxation applies to non-resident enterprises that lack a physical establishment or premises in the PRC. Alternatively, if an establishment or premise exists within the PRC, but the PRC-sourced income is unrelated to said establishment or premise, it is subject to the aforementioned taxation.

The withholding tax for non-resident enterprises is mandated to be deducted at the source, whereby the entity making the payment assumes the role of the withholding agent. Consequently, the withholding agent is obligated to withhold the income tax from the payment or due payment each time it is disbursed or becomes due.

The Circular of the State Taxation Administration (STA) on Issues Relating to the Withholding and Remitting of Enterprise Income Tax on Dividends Paid by PRC Resident Enterprises to Overseas

Non-PRC Resident Enterprise Shareholders of H Shares (《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》) (Guo Shui Han [2008] No. 897), which was issued by the STA and implemented on November 6, 2008, further clarified that a PRC-resident enterprise must withhold corporate income tax at a rate flat of 10% on the dividends of 2008 and onwards that it distributes to overseas non-resident enterprise shareholders of H Shares. In addition, the Response to Issues on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B-shares (《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》) (Guo Shui Han [2009] No. 394) which was issued by the STA and implemented on July 24, 2009, further provides that any PRC-resident enterprise that is listed on overseas stock exchanges must withhold enterprise income tax at a rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprises. Such tax rates may be further changed pursuant to the tax treaty or agreement that China has concluded with relevant jurisdictions, where applicable. Accordingly, dividends paid to non-PRC resident enterprise (including HKSCC Nominees) shall be subject to withholding enterprise income tax at a rate of 10%.

In accordance with the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the PRC Government is authorized to impose taxes on dividends disbursed by a PRC company to Hong Kong residents, including both individuals and legal entities, not exceeding 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of the equity interest in a PRC company, the tax shall not surpass 5% of the total dividends if the Hong Kong resident qualifies as the beneficial owner of the equity, and specific conditions are met.

Furthermore, the Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, introduces additional criteria for qualifying for treaty benefits. While other provisions may exist within the Arrangement, treaty benefits shall not be granted for relevant gains if, based on all relevant facts and conditions, it is reasonably determined that one of the main purposes of the arrangement or transactions, which result in direct or indirect benefits under the Arrangement, is to obtain such treaty benefits. This exception applies unless the grant of benefits aligns with the objectives and goals outlined in the Arrangement.

It is important to note that the application of the dividend clause of tax agreements is contingent upon compliance with PRC tax laws and regulations, including the guidelines provided in the Notice of the State Taxation Administration on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guo Shui Han [2009] No. 81).

Tax Treaties

Non-resident investors residing in jurisdictions that have established treaties or arrangements for the avoidance of double taxation with the PRC may qualify for a reduction in the PRC enterprise income tax levied on dividends received from PRC companies. Currently, the PRC has entered into Avoidance of Double Taxation Treaties or Arrangements with several countries and regions, including the Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States.

Non-PRC resident enterprises eligible for preferential tax rates under these relevant taxation treaties or arrangements are required to submit an application to the PRC tax authorities for a refund of the enterprise income tax that exceeds the agreed tax rate. The approval of the refund application is subject to the evaluation and decision of the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Under the guidelines outlined in the Notice on the Full Implementation of the Pilot Program for Transition from Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai Shui [2016] No. 36) (referred to as "Circular 36"), effective from May 1, 2016, and subsequently amended on July 11, 2017, December 25, 2017, and March 20, 2019, individuals and entities conducting service transactions within the PRC are obligated to pay Value-Added Tax (VAT). "Sales of services within the PRC" are defined as transactions where either the service provider or the recipient is situated within the PRC.

Furthermore, Circular 36 specifies that the transfer of financial products, including the ownership transfer of marketable securities, is subject to a VAT rate of 6% on the taxable income. Taxable income, in this context, refers to the sales price balance after deducting the purchase price. This VAT obligation applies to both general and foreign VAT taxpayers. Notably, individuals are exempt from VAT obligations when engaging in the transfer of financial products.

As per the aforementioned regulations, non-resident individuals selling or disposing of H shares are exempt from VAT in the PRC. However, if the holders are non-resident enterprises, they may avoid VAT in the PRC only if the buyers of the H shares are individuals or entities located outside of the PRC. Conversely, the holders might be subject to VAT in the PRC if the buyers of the H shares are individuals or entities situated within the PRC.

Income Taxes

Individual investors

Under the IIT Law, gains arising from the transfer of equity interests in PRC resident enterprises are subject to individual income tax at a rate of 20%. However, in accordance with the Circular of the Ministry of Finance (MOF) and the STA on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61), issued jointly by the MOF and STA on March 30, 1998, gains obtained by individuals from the transfer of shares of listed companies have been temporarily exempted from individual income tax since January 1, 1997.

However, on December 31, 2009, the MOF, the STA, and the CSRC jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the 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稅有關問題的通知》) (Cai Shui [2009] No. 167). This circular, effective from January 1, 2010, stipulates that individuals' income derived from the transfer of listed shares acquired through public offerings and trading on the Shanghai Stock Exchange and the Shenzhen Stock Exchange remains exempt from individual income tax. This exemption applies to shares not subject to sales restrictions, as defined in the Supplementary Notice on Issues Concerning the Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70), jointly issued by the three aforementioned departments and effective from November 10, 2010.

As of the Latest Practicable Date, there are no provisions expressly stating that individual income tax shall be imposed on non-PRC resident individuals for the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the Enterprise Income Tax Law and the Implementation Provisions of the Enterprise Income Tax Law of the PRC, non-resident enterprises are typically subject to a 10% enterprise income tax on income sourced within the PRC. This includes gains realized from the disposal of equity interests in a PRC resident enterprise. However, this taxation applies only if the non-resident enterprise does not maintain a physical establishment or premises in the PRC, or if it does have such establishments in the PRC, but its PRC-sourced income is not genuinely connected with those establishments.

The withholding of income tax for non-resident enterprises is executed at the source, with the entity making the payment acting as the withholding agent. This withholding agent is obliged to deduct the income tax from each payment or due payment made to the non-resident enterprise. It's important to note that the tax liability may be reduced or exempted in accordance with applicable tax treaties or agreements on the avoidance of double taxation.

Stamp Duty

In compliance with the PRC Stamp Duty Law (《中華人民共和國印花稅法》), as issued by the NPCSC on June 10, 2021, and enforced from July 1, 2022 (referred to as the "Stamp Duty Law"), all entities and individuals involved in securities transactions within the PRC are obligated to pay stamp duty as per the regulations outlined in the Stamp Duty Law. Consequently, the stipulations concerning stamp duty applied to the transfer of shares of PRC-listed companies do not extend to the transfer and disposal of H Shares by non-PRC investors outside the PRC.

Estate duty

Under prevailing PRC legislation, there is presently no imposition of estate duty within the jurisdiction.

Major Taxes on the Company in the PRC

Please refer to the section headed "Regulatory Overview" of this document.

FOREIGN EXCHANGE

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 People's Bank of China is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on the Management of Foreign Exchange (《中華人民共和國外匯管理條例》, the "Regulations on the Management of Foreign Exchange"), which was promulgated by the State Council on January 29, 1996 and effective on April 1, 1996, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administrative authorities, while capital items are subject to the approval of foreign exchange administrative authorities. According to the Regulations on the Management of Foreign Exchange as amended on January 14, 1997 and August 5, 2008, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》, the "Settlement Regulations"), which was promulgated by the PBoC on June 20, 1996 and effective on July 1, 1996, removes other restrictions on convertibility of foreign exchange under current items, while imposing existing restrictions on foreign exchange transactions under capital items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》) (PBoC Announcement [2005] No. 16), which was issued by the PBoC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies from July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. The PBoC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

On August 5, 2008, the State Council promulgated the revised Regulation on the Management of Foreign Exchange, which has made substantial changes to the foreign exchange supervision system of the PRC. First, it has adopted an approach of balancing the inflow and outflow of foreign exchange. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative authorities; second, it has improved the RMB exchange rate formation mechanism based on market supply and demand; third, in the event that international balance of payment suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures against international balance of payment; fourth, it has enhanced the supervision and administration of foreign exchange transactions and grant extensive authorities to the SAFE to enhance its supervisory and administrative powers.

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 from foreign exchange accounts opened at the designated foreign exchange banks, on the strength of valid transaction receipt or proof. 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 (such as our Company) may, on the strength of resolutions of the Board of Directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange banks or effect exchange and payment at the designated foreign exchange banks.

On October 23, 2014, the State Council promulgated the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) (Guo Fa [2014] No. 50), which decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

On December 26, 2014, the SAFE implemented the Notice of the SAFE 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》) (Hui Fa [2014] No. 54), pursuant to which, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the PRC or deposited overseas, but the use of the proceeds shall be consistent with the contents as specified in the document and other disclosure documents.

According to the Guidelines for the Foreign Exchange Business under the Capital Account (2024) (《資本項目外匯業務指引(2024年版)》) issued by SAFE on April 3, 2024, in principle, the funds raised by overseas listings of domestic companies should be repatriated to China in a timely manner, and can be repatriated in RMB or foreign currency. The use of funds shall be consistent with the relevant contents listed in the document or corporate bond offering documents, shareholder circulars, resolutions of the board of directors or shareholders' meeting and other publicly disclosed documents. Domestic companies using the funds raised from overseas listings to carry out overseas direct investment, overseas securities investment, overseas lending and other businesses shall comply with the relevant foreign exchange management regulations.

According to the Notice of the SAFE 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》) (Hui Fa [2015] No. 13) promulgated by the SAFE on February 13, 2015 and took effect on June 1, 2015, and amended on December 30, 2019, two of the administrative examination and approval items, being the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment have been canceled, the foreign exchange registration under domestic direct investment and overseas direct investment shall be directly examined and handled by banks. The SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Administration of Foreign Exchange Settlement under 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》) (Hui Fa [2016] No. 16) issued by the SAFE and came into effect on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. The proportion of discretionary settlement of domestic institutions' foreign exchange receipts under the capital account is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate time.

On January 26, 2017, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (Hui Fa [2017] No. 3) to further expand the scope of settlement for domestic foreign exchange loans, allow settlement for domestic foreign exchange loans with export background under goods trading; allow repatriation of funds under domestic guaranteed foreign loans for domestic utilization; allow settlement for domestic foreign exchange accounts of foreign institutions operating in the Free Trade Pilot Zones; and adopt the model of full-coverage RMB and foreign currency overseas lending management, where a domestic institution engages in overseas lending, the sum of its outstanding overseas lending in RMB and outstanding overseas lending in foreign currencies shall not exceed 30% of its owner's equity in the audited financial statements of the preceding year.

On October 23, 2019, the SAFE issued the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) (Hui Fa [2019] No. 28), which stipulated that on the basis that investing foreign-funded enterprises may make domestic equity investments with their capital funds in accordance with laws and regulations, non-investing foreign-funded enterprises are permitted to legally make domestic equity investments with their capital funds under the premise that the existing Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) are not violated and domestic invested projects are true and compliant.

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC Government is a signatory, and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (2023 Revision) (《中華人民共和國立法法(2023修正)》) (the “Legislation Law”), the NPC and NPCSC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend the basic laws governing criminal and civil matters, State institutions and other matters. The NPCSC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people’s congresses of the provinces, autonomous regions and municipalities and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people’s congresses of cities with districts and their respective standing committees may formulate local regulations with respect to urban and rural construction and administration, ecological civilization construction, historical and cultural protection, grassroots governance and other aspects according to the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations of cities with districts will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions. The standing committees of the people’s congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people’s congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people’s governments of the provinces or autonomous regions concerned, a decision should be made by the standing committees of the people’s congresses of provinces or autonomous regions to resolve the issue. People’s congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The ministries, commissions of the State Council, the PBOC, the National Audit Office, institutions with administrative functions directly under the State Council, and other institutions stipulated by law may formulate rules and regulations within the power of their respective departments based on the laws, administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws, administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions and municipalities directly under the central government and cities divided into districts and autonomous regions may formulate rules, in accordance with laws, administrative regulations and relevant local regulations of provinces, autonomous regions and municipalities directly under the central government.

Pursuant to the Resolution of the NPCSC Providing an Improved Interpretation of the Law (《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, issues related to the further clarification or supplement of laws or decrees should be interpreted by the NPCSC or provided by with decrees, issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process should be interpreted by the Supreme People's Procuratorate, and the application of other laws and decrees in matters other than those involved in trial or prosecution process should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws and regulations is vested in the regional legislative and administrative authorities which promulgate such laws and regulations.

The PRC Judicial System

Under the Constitution, the Law of Organization of the People's Courts of the PRC (2018 revision) (《中華人民共和國人民法院組織法(2018修訂)》) and the Law of Organization of the People's Procuratorate of the PRC (2018 revision) (《中華人民共和國人民檢察院組織法(2018修訂)》), the people's courts of the PRC are classified into the Supreme People's Court, the local people's courts at various levels, and other special people's courts. The local people's courts at various levels are divided into three levels, namely, the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up a number of people's tribunals based on the facts of the region, population and cases. The Supreme People's Court is the highest judicial authority. The Supreme People's Court shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the judicial work of people's courts at lower levels. The Chinese People's Procuratorates are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as the Military Procuratorate. The Supreme People's Procuratorate is the highest procuratorial organ. The Supreme People's Procuratorate directs the work of the local people's procuratorates and specialized people's procuratorates at all levels, and the people's procuratorates at higher levels direct the work of the people's procuratorates at lower levels.

The people's court takes the rule of the second instance as the final rule, that is, the judgments or rulings of the second instance of the people's court are final. The parties may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court are final. The first judgments or rulings of the Supreme People's Court are also final. However, if the Supreme People's Court or a people's court at the next higher level discovers an error in the final and binding judgment or ruling which has taken effect in any people's court at a lower level, or the presiding judge of a people's court discovers an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be initiated according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "PRC Civil Procedure Law") adopted on April 9, 1991 and amended five times on October 28, 2007, August 31, 2012, June 27, 2017, December 24, 2021 and September 1, 2023 prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. Each party to a civil action conducted within the PRC must comply with the relevant provisions of the PRC Civil Procedure Law. A civil case is generally heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places directly connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the places where the contract is executed or signed or the place where the object of the action is located. Meanwhile, such selection cannot violate the stipulations of hierarchical jurisdiction and exclusive jurisdiction in any case.

A foreign individual, a person without nationality, a foreign enterprise and organization is given the same litigation rights and obligations as a citizen, a legal person and other organization of the PRC when initiating actions or defending against litigation at the people's court. Should a foreign court limit the litigation rights of citizens, a legal person, and other organizations of the PRC, the PRC court may apply the same limitations to the civil litigation rights to citizens, enterprises and organizations of such foreign country. A foreign individual, a person without nationality, a foreign enterprise and organization 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 the people's 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. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments 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.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court. Similarly, where an effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, unless the people's court considers that the recognition or enforcement of the judgment or ruling would violate the basic legal principles of the PRC, national sovereignty, national security or social and public interest, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

The Company Law of the PRC, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for the Articles of Association of Listed Companies

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The newly revised PRC Company Law has been implemented on July 1, 2024.

On February 17, 2023, CSRC promulgated 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 "Overseas Listing Trial Measures")) and its relevant interpretative guidelines, which came into effect on March 31, 2023 and is applicable to direct and indirect overseas share subscription and listing of domestic companies, which also stipulates the filing administrative measures and regulatory requirements for the overseas securities offering and listing by domestic companies.

On March 28, 2025, the CSRC Promulgated the latest amended Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the "Guidelines for the Articles of Association"). According to the Overseas Listing Trial Measures and its supporting guidelines, Guidelines for the Application of Regulatory Rules — Overseas Listing Category No. 1, domestic enterprises that are directly listed overseas shall formulate its Articles of Association with reference to the Guidelines for the Articles of Association and other relevant provisions of the CSRC on main provisions of the PRC Company Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association.

General Provisions

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares of equal par value. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. If it is prescribed by any law that a company shall not become a capital contributor that shall bear the joint and several liability for the debts of the enterprises it invests in, such provisions shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or raising. A joint stock limited company shall be incorporated by one to 200 promoters, provided that at least more than half of the promoters must reside in the PRC. Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association. If a joint stock limited company is to be established by means of raising, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the Articles of Association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

A document shall be published and a subscription letter shall be prepared when the promoters offer shares to the public. The subscriber shall fill in the number of shares subscribed for, amount and domicile and affix his/her signature or seal to the subscription letter. The subscriber shall make full payment for the shares subscribed for. Where a promoter is offering shares to the public, such offer shall be underwritten by security companies established under PRC laws, and an underwriting agreement shall be concluded thereon. A promoter offering shares to the public shall also enter into agreements with banks in relation to the receipt of subscription monies. The receiving banks shall receive and keep in custody the subscription monies, issue receipts to subscribers who have paid the subscription monies and furnish evidence of receipt of those subscription monies to relevant authorities. After the share capital for a public offering has been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. Where the shares to be issued have not been fully subscribed for at the time of the establishment of a company, or the promoters fail to hold an establishment meeting within 30 days after the full payment has been made for the shares to be issued, subscribers may claim against the promoters for refund of the payment for shares plus the interest on the bank deposits for the same term. The promoters and subscribers may not withdraw their share capital after they have made payment for the shares or delivered non-monetary property as capital contributions, except that the shares have not been fully subscribed for within the time limit, the promoters fail to hold the establishment meeting on schedule, or the establishment meeting decides not to establish the company. The Board of Directors shall, within 30 days after the end of the establishment meeting of a company, authorize a representative to file an application for registration of establishment with the company registration authority.

A company's promoter shall be liable for the followings: (1) the debts and expenses incurred in the establishment process jointly and severally if the company cannot be established; (2) the refund of subscription monies paid by the subscribers together with interest at bank deposit rates for the same period jointly and severally if the company cannot be established.

Share Capital

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, stock rights or creditor's rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation of the assets contributed must be carried out pursuant to the provisions of the laws or administrative regulations on valuation without any over-valuation or under-valuation. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The same price per share shall be paid by any share subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

Under the PRC Company Law, a joint stock limited company shall maintain a shareholder register which sets forth the following matters: (1) the name and domicile of each shareholder; (2) the type and quantity of subscribed shares for each shareholder; (3) for stocks issued in paper form, the serial numbers of stocks; (4) the date on which each shareholder acquired the shares.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi. Under the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC and authorize the domestic company to file with the CSRC on their behalf. The domestic unlisted shares mentioned in the preceding paragraph refer to the shares that have been issued by domestic enterprises but have not been listed or listed for trading on domestic exchanges. Domestic unlisted shares shall be centrally registered and deposited with domestic securities registration and settlement institutions. The registration and settlement arrangements of overseas listed shares shall be subject to the provisions of overseas listing places.

Increase In Share Capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders in a shareholder's meeting. The Articles of Association or the shareholders' meeting may authorize the Board of Directors to decide to issue not more than 50% of the shares that have been issued within three years. However, if the capital contributions are to be made using non-monetary property, they shall be subject to a resolution made by the shareholders' meeting. Where the Board of Directors is authorized and decides to issue shares, and thus results in a change in the registered capital or the number of issued shares of the company, the voting at the shareholders' meeting may not be needed to revise such item set forth in the Articles of Association of the company. Where the Articles of Association or the shareholders' meeting of a company authorizes the Board of Directors to decide on issuing new shares, a resolution of the Board of Directors shall be adopted by two thirds of all the directors. In addition, where a domestic enterprise issuing and listing overseas, the issuer shall file with the CSRC in accordance with the Overseas Listing Trial Measures and submit a filing report, legal opinions and other relevant materials, giving a true, accurate and complete account of shareholders' information and other information.

Reduction of Share Capital

The company shall reduce the registered capital in accordance with the following procedures as stipulated in the PRC Company Law:

(I) the company shall prepare a balance sheet and an inventory of properties;

(II) make a resolution at a shareholders' meeting to reduce the registered capital;

(III) the company shall notify its creditors within 10 days after making the resolution to reduce the registered capital and publish the relevant announcement in newspapers or on the National Enterprise Credit Information Publicity System within 30 days;

(IV) a creditor may, within 30 days after receipt of the notification, or within 45 days after the date of announcement if he/she has not received the notification, have the right to request the company to repay its debts or provide relevant guarantees; and

(V) the company must apply to the company registration authority for a change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is otherwise prescribed by the Articles of Association of the company.

If a company still has losses after making up for them in accordance with the relevant provisions of the PRC Company Law, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the company shall not make any distribution to the shareholders, nor shall the shareholders be exempted from their obligation to pay the capital contribution or the share capital. If the registered capital is reduced in accordance with the aforesaid provisions, the item (III) and item (IV) mentioned above shall not apply, but the resolution to reduce the registered capital shall be made by the shareholders' meeting within 30 days from the date of the announcement in the newspapers or on the National Enterprise Credit Information Publicity System. After a company reduces its registered capital in accordance with the provisions of the preceding paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

When a company reduces its registered capital in violation of the provisions of the PRC Company Law, its shareholders shall refund the funds they have received, and if the capital contributions of the shareholders are reduced or exempted, such capital contributions shall be restored to the original status; if any loss is caused to the company, the shareholders and the liable directors and senior management shall bear the liability for compensation.

Repurchase of Shares

Under the provisions of the PRC Company Law, a company shall not repurchase its own shares except in the following circumstances:

(I) reduction of the registered capital of the company;

(II) merger with another company that holds its shares;

(III) use of its shares for carrying out an employee stock ownership plan or equity incentive plan;

(IV) request from shareholders who object to a resolution of a shareholders' meeting on merger or division of the company to acquire their shares by the company;

(V) use of shares for conversion of convertible corporate bonds issued by the listed company; and

(VI) it is necessary for a listed company to maintain its company value and protect its shareholders' equity.

A resolution of a shareholders' meeting is required for the repurchase of shares by a company under either of the circumstances stipulated in item (I) or item (II) above; for a company's repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the Board of Directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' meeting.

The shares acquired by the company according to the above provisions under the circumstance stipulated in item (I) hereof a company shall be deregistered within 10 days from the date of acquisition of shares; the shares shall be transferred or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the company held in total by the company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total issued shares, and shall be transferred or deregistered within three years.

A company shall not accept its own shares as the subject matter of a mortgage.

No company may provide gifts, loans, guarantees or other financial aids for others to obtain the shares of the company or the parent company thereof unless it carries out an employee stock ownership plan. For the benefits of the company, the company may, upon a resolution by the shareholders' meeting or by the Board of Directors under the Articles of Association or the authorization of the shareholders' meeting, provide financial aids for others to obtain the shares of the company or the parent company thereof, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds of all the directors.

Any director or senior management who is liable for any loss to the company due to violation of the provisions of the preceding paragraph shall make compensations.

Transfer of Shares

The shares held by a shareholder of a company may be transferred to other shareholders or to persons other than the shareholders of the company. Where the Articles of Association of the company have any restriction on the transfer of shares, the transfer shall be carried out in accordance with the Articles of Association. Under the PRC Company Law, a shareholder should effect a transfer of his shares on the stock exchange established in accordance with laws or by any other means as required by the State Council. The transfer of shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Following the transfer of shares, the company shall enter the names and domiciles of the transferee into its share register. Change of the register of members described in the preceding paragraph shall not be registered within 20 days before the convening of a shareholders' meeting or 5 days prior to the base date on which the company decides to distribute dividends. However, where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Pursuant to the PRC Company Law, shares of the company issued prior to the public issue of shares may not be transferred within one year of the date of the company's listing on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Directors and senior management of the company shall declare to the company the shares they hold and the changes thereof during the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. They shall not transfer the shares they hold within one year of the date of the company's listing on the stock exchange, nor within six months after they leave their positions in the company. The Articles of Association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors and the senior management. Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Pursuant to the Overseas Listing Trial Measures, for a domestic company directly offering and listing overseas, the shareholders of its domestic unlisted shares applying to convert its domestic unlisted shares into overseas listed shares and listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and appoint the domestic company to file with the CSRC.

Shareholders

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, the rights of shareholders include the rights:

(I) to be legally entitled to assets income, participate in significant decision-making and select management personnel;

(II) to petition the people's court to revoke any resolution of a shareholders' meeting, a shareholders' meeting or a meeting of the Board of Directors that has been convened or whose voting has been conducted in violation of the laws, administrative regulations or the Articles of Association of the company, or any resolution the contents of which is in violation of the laws, administrative regulations or the Articles of Association of the company, provided that such petition shall be submitted to the people's court within 60 days of the passing of such resolution;

(III) to transfer his/her shares legally;

(IV) to attend or appoint a proxy to attend shareholders' meeting and exercise the voting rights;

(V) to inspect and copy the Articles of Association of the company, share register, the minutes of shareholders' meeting, board resolutions, resolutions of the Audit Committee and the financial and accounting reports, and to make suggestions or inquiries in respect of the company's operations;

(VI) to receive dividends in respect of the number of shares held;

(VII) to participate in the distribution of residual properties of the company in proportion to their shareholdings upon the liquidation of the company; and

(VIII) any other shareholders' rights provided for in laws, administrative regulations, other normative documents and the Articles of Association of the company.

The obligations of shareholders include the obligation to abide by the Articles of Association of the company, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's responsibilities in respect of the shares taken up by them and any other shareholder obligation specified in the Articles of Association of the company.

Shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The shareholders' meeting may exercise its powers:

(I) to elect or replace the directors and to decide on their remunerations;

(II) to consider and approve the reports of the Board of Directors;

(III) to consider and approve the company's profit distribution and loss recovery proposals;

(IV) to decide on any increase or reduction of the company's registered capital;

(V) to decide on the issue of corporate bonds;

(VI) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(VII) to amend the Articles of Association of the company; and

(VIII) to exercise any other authority stipulated in the Articles of Association of the company.

The shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Pursuant to the PRC Company Law and the Guidelines for Articles of Association, a shareholders' meeting is required to be held once a year within six months after the end of the previous accounting year. An interim shareholders' meeting is required to be held within two months upon the occurrence of any of the following:

(I) the number of directors is less than the number required by the law or less than two-thirds of the number specified in the Articles of Association of the company;

(II) the total outstanding losses of the company amounted to one-third of the company's total capital stock;

(III) shareholders individually or in aggregate holding 10% or more of the company's shares request to convene an interim shareholders' meeting;

(IV) the Board of Directors deems necessary;

(V) the Audit Committee so proposes; or

(VI) any other circumstances as provided for in the Articles of Associations of the company.

A shareholders' meeting is convened by the Board of Directors and presided over by the chairman of the Board of Directors. In the event that the chairman is incapable of performing or is not performing his or her duties, the meeting shall be presided over by the vice chairman. If the vice chairman is incapable of performing or is not performing his or her duties, a director jointly recommended by more than half of directors shall preside over the meeting. If the Board of Directors is unable to or fails to perform its duty of convening the shareholders' meeting, the Audit Committee shall convene and preside over such meeting in a timely manner; if the Audit Committee fails to convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may independently convene and preside over such meeting. If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an interim shareholders' meeting, the Board of Directors and the Audit Committee shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

In accordance with the PRC Company Law, a notice stating the time and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting if the shareholders' meeting is convened. Notice of the interim shareholders' meeting shall be given to all shareholders 15 days before the meeting. Shareholders who individually or jointly hold more than one percent of the shares of the company may submit an interim proposal in writing to the Board of Directors ten days before the shareholders' meeting is held. The Board of Directors shall notify other shareholders within two days upon receipt of the proposal, and submit the interim proposal to the shareholder's meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the Articles of Association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal. A company offering shares to the public shall make the notices as mentioned in the preceding paragraphs by way of announcement. The shareholders' meeting shall not make any resolution on any matter not specified in the notice.

According to the PRC Company Law, shareholders present at shareholders' meeting shall have one vote for each share they hold, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

An accumulative voting system may be adopted for the election of directors at the shareholders' meeting pursuant to the provisions of the Articles of Association of the company or a resolution of the shareholders' meeting. Under the accumulative voting system, when the shareholders' meeting elects directors, each share has the same voting rights as the number of directors to be elected, and the voting rights owned by shareholders can be used collectively.

Under the PRC Company Law, the passing of any resolution at the shareholder's meeting requires affirmative votes of shareholders representing more than half of the voting rights held by the shareholders who attend the shareholder's meeting except in cases of proposed amendments to a Articles of Association, increase or decrease of registered capital, merger, division or dissolution, or change of corporation form, which require affirmative votes of shareholders representing more than two-thirds of the voting rights held by the shareholders who attend the shareholder's meeting.

Minutes shall be prepared in respect of matters considered at the shareholders' meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock limited company shall have a board. However, a joint stock limited company with a relatively small scale or relatively small number of shareholders may dispense with the Board of Directors and have one director to exercise the functions and powers of the Board of Directors as prescribed by the PRC Company Law. If the Board of Directors of a company has more than three members, it may include an employees' representative of the company. The employees' representatives in the Board of Directors shall be democratically elected by the employees through the employees' representative congress, employees' congress or by other means.

The term of office of the directors shall be provided for by the Articles of Association, but each term of office shall not exceed three years. A director may seek reelection upon expiry of the said term. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum. Where a director resigns, he/she shall notify the company in written form, and the resignation shall become effective on the day when the company receives the notice.

However, under any of the circumstances as mentioned in the preceding paragraph, the director shall continue performing his/her duties.

Under the PRC Company Law, the Board of Directors may exercise the following powers:

(I) to convene shareholders' meeting and report on its work to the shareholders' meeting;

(II) to implement the resolutions passed by the shareholders at the shareholders' meeting;

(III) to decide on the Company's operational plans and investment proposals;

(IV) to formulate the Company's proposals for profit distribution and for recovery of losses;

(V) to formulate proposals for the increase or reduction of the Company's registered capital and the issue of corporate bonds;

(VI) to formulate proposals for the merger, division, dissolution of the Company or change in the form of the Company;

(VII) to decide on the setup of the Company's internal management organs;

(VIII) to decide on appointment or dismissal the manager of the Company and his/her remuneration matters, and as nominated by the manager, to decide on appointment or dismissal the Company's deputy general manager and financial officer and his/her remuneration matters;

(IX) to formulate the Company's basic management system; and

(X) other authority stipulated in the Articles of Association or granted by the shareholders' meeting.

Any restrictions on the functions and powers of the Board of Directors set out in the Articles of Association may not be asserted against any bona fide third party.

Under the PRC Company Law, a company may, under the Articles of Association, set up an Audit Committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. It may not have a Board of Supervisors or supervisors. The audit committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments. Among the members of the Board of Directors of the company, an employees' representative may become a member of the audit committee. A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the Articles of Association, unless it is otherwise provided under the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Meeting of the Board of Directors shall be convened at least twice a year. Notice of meeting shall be given to all Directors and Audit Committee Members 10 days before the meeting. Interim board meeting may be proposed to be convened by shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors or the Audit Committee. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the board meeting. The Board of Directors may otherwise determine the method of giving notice and notice period for convening an interim meeting of the Board of Directors.

No meeting of the Board of Directors may be held unless more than half of the directors are present. A resolution made by the Board of Directors shall be adopted by more than half of all the directors. For voting on a resolution of the Board of Directors, each director shall have one vote. The Board of Directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the Board of Directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the Board of Directors. Where a resolution of the Board of Directors is in violation of any law, administrative regulation, Article of Association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

Under the PRC Company Law, the following person may not serve as a director of the company:

(I) devoid of or with restricted civil conduct ability;

(II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; within two years after being pronounced for suspension of sentence since the expiration of the suspension of sentence;

(III) within three years after insolvency and liquidation of such Company or enterprise where the person acted as a director, factory manager or business manager and has been held accountable for the insolvency;

(IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; and

(V) being listed as a dishonest person subject to enforcement by the people's court due to large amount of unliquidated mature debts.

Where a company elects or appoints a director to which any of the above circumstances applies, such election, appointment or designation shall be invalid. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the Company.

In addition, the Guidelines for Articles of Association of Listed Companies further stipulates other circumstances under which a person is disqualified from acting as a director of a company, including: (1) a person who has been banned from the securities market by the CSRC where the relevant period remains unexpired; or (2) a person who is banned from doing so in accordance with other laws, administrative regulations or departmental rules.

Under the PRC Company Law, the Board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meeting and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

The Audit Committee

Under the PRC Company Law, where a joint stock limited company does not have the Board of Supervisor, the Audit Committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

Among the members of the Board of Directors of the company, an employees' representative may become a member of the Audit Committee. A resolution made by the Audit Committee shall be adopted by more than half of the members thereof. For voting on a resolution of the Audit Committee, each member shall have one vote. The discussion methods and voting procedures of the Audit Committee shall be prescribed in the Articles of Association, unless it is otherwise provided for by the PRC Company Law. A company may set up other committees in the Board of Directors under the Articles of Association.

Manager and Senior Management

Pursuant to the relevant provisions of the PRC Company Law, a company shall have a manager who shall be appointed or removed by the Board of Directors. The manager shall be responsible to the Board of Directors and exercise his/her functions and powers according to the Articles of Association or the authorization of the Board of Directors. The manager shall attend the meeting of the Board of Directors as a non-voting member.

According to the relevant provisions of the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the Board of Directors of a listed company and other personnel as stipulated in the Articles of Association.

Duties of Directors, General Managers and Other Senior Management

Directors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors and senior management shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers. The directors and senior management shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

The provisions of the preceding paragraphs shall apply to the controlling shareholder or actual controller of a company who does not serve as a director but actually executes the affairs of the company.

In the meantime, directors and senior management are prohibited from:

(I) embezzling the property or misappropriating the funds of the company;

(II) depositing company funds into accounts under their own names or the names of other individuals;

(III) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(IV) accept commissions from transactions between others and the company for their own benefits;

(V) unauthorized divulgence of confidential information of the company; and

(VI) other acts in violation of their duty of loyalty to the company.

A director or senior management who contravenes laws, administrative regulations or Articles of Association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director or senior management is required to attend a shareholders' meeting, such director or senior management shall attend the meeting and answer the inquiries from shareholders. The Audit Committee may demand the directors or senior management to submit reports on the performance of their duties. The directors and senior management shall truthfully provide relevant information and materials to the Audit Committee, none of them may impede the exercise of powers by the Audit Committee or Audit Committee Members.

Where the directors and senior management violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, the shareholders individually or jointly holding more than 1% of the shares in the company for more than 180 consecutive days may request in writing the Audit Committee to initiate proceedings in the people's court.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Audit Committee or the Board of Directors refuses to file a lawsuit or does not file a lawsuit within 30 days from receipt of such request, or in the event of emergency where the interest of the company will suffer irreparable damages if lawsuit is not filed immediately, the shareholders stipulated in the preceding paragraph shall have the right to file a lawsuit directly with the people's court in their own name for the interest of the company. For other parties who infringe the lawful interests of the company resulting in loss to the company, the aforementioned shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where any director or senior management violates the provisions of laws, administrative regulations or the Articles of Association, damaging interests of shareholders, the shareholders may file a lawsuit with the people's court.

If a director or senior management of a wholly-owned subsidiary of the company violate laws, administrative regulations or the Articles of Association in performance of duties to the company, thereby causing damages to the company, or if the legitimate rights and interests of a wholly-owned subsidiary of the company are impaired by any other person, thus causing any losses, the shareholders of a limited liability company or shareholders of a joint stock limited company individually and jointly holding 1% or more of the total shares of the company for 180 consecutive days or more may request the Audit Committee or the Board of Directors of the wholly-owned subsidiary in written form to initiate a lawsuit in the people's court or directly files a lawsuit with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the PRC Company Law, a company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the financial departments of the State Council. A company shall prepare its financial reports at the end of each accounting year which shall be audited by accounting firm according to law. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council. The company's financial and accounting reports shall be made available for shareholders' inspection at the company within 20 days before the convening of an annual shareholder's meeting. A joint stock limited company that makes public stock offerings shall announce its financial and accounting reports.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve fund. However, when the cumulative amount of the reserve fund has reached more than 50% of the PRC company's registered capital, it may no longer be allocated. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make up the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its after-tax profits, it may, upon passing a resolution at a shareholders' meeting, make further allocations from its after-tax profits to the discretionary common reserve fund. After the company has made up its losses and made allocations to its discretionary common reserve fund, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the Articles of Association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the relevant provisions of the PRC Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors and senior management shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the Board of Directors shall do so within six months after the resolution is made.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve 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. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

The company shall have no accounting books other than the statutory books. The company's funds shall not be deposited in any account opened under the name of an individual.

After a company reduces its registered capital in accordance with the provisions of the PRC Company Law, it shall not distribute profits until the accumulated amount of statutory reserve and discretionary reserve reaches 50% of the company's registered capital.

Appointment and Dismissal of Auditors

Pursuant to the PRC Company Law, the appointment or dismissal of an accounting firm responsible for the auditing of the company shall be determined by shareholders at a shareholders' meeting, the Board of Directors or the Audit Committee in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the shareholders' meeting, the Board of Directors or the Audit Committee conducts 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 misrepresentation of information.

Amendment to Articles of Association

Pursuant to PRC Company Law, the resolution of a shareholders' meeting regarding any amendment to a company's Articles of Association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting. According to the Guidelines for the Articles of Association of Listed Companies, if the amendments to the Articles of Association approved by the resolution of the shareholder's meeting of shareholders are subject to approval by the competent authority, they must be reported to the competent authority for approval; if they involve company registration matters, the modification registrations shall be handled according to law. Where the amendments to the Articles of Association belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the regulations.

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

Pursuant to PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) upon expiry of term of business stipulated in the Articles of Association or occurrence of other circumstances of dissolution stipulated in the Articles of Association;

(II) the shareholders' meeting has resolved to dissolve the company;

(III) the company is dissolved by reason of its merger or division;

(IV) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws; or

(V) Where the company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholders if the company continues its existence and the situation cannot be resolved by other means, the company is dissolved by a people's court in response to the request of shareholders representing 10% or more of the voting rights of all shareholders of the company.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where a company falls under the circumstance as mentioned in Items (I) or (II) of the paragraph above and it has not distributed the assets to its shareholders yet, it may survive by modifying its articles of association or upon a resolution of the shareholders' meeting.

To modify its articles of association or make a resolution of the shareholders' meeting according to the provisions of the preceding paragraph, the consent of two thirds or more of the voting rights of the shareholders who attend the meeting of the shareholders' meeting is required.

Where the company is dissolved under the circumstances set forth in item (I), (II), (IV) or (V) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' meeting.

The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation committee may exercise following powers during the liquidation:

(I) to verify the Company's assets and to prepare a balance sheet and an inventory of assets;

(II) to inform creditors by notice or announcement;

(III) to deal with and settle any outstanding business of relevant company;

(IV) to pay all outstanding taxes and the taxes arising during the liquidation process;

(V) to settle claims and debts;

(VI) to distribute the company's remaining assets after its debts have been paid off; and

(VII) to represent the company in civil lawsuits.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers or on the National Enterprise Credit Information Publicity System within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification.

The creditors shall explain matters relating to their claims and provide evidential documents. The liquidation committee shall register the creditor's claims. In the claims declaration period, the liquidation committee shall not make repayment to the creditors.

Upon disposal of the company's property and preparation of the required balance sheet and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance fees and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue its existence during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, 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 group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group 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 group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, during the period of survival, a company has not incurred any debts or has paid off all the debts, the company may, upon a commitment of all the shareholders, be deregistered under the summary procedures according to the relevant provisions. The deregistration of a company under the summary procedures shall be announced through the National Enterprise Credit Information Publicity System for a period of no less than 20 days. If there is no objection after the expiry of the announcement period, the company may apply for deregistration of the company with the company registration authority within 20 days.

For a company deregistered under the summary procedures, its shareholders shall be jointly and severally liable for the debts incurred before the deregistration if they have made an untrue commitment.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company. Such deregistration of a company will not affect the liability of the original shareholders or liquidation obligors.

Overseas Listing

According to the Overseas Listing Trial Measures, the securities refer to stocks, depositary receipts, and corporate bonds that can be converted into stocks or other securities of an equity nature that are directly or indirectly offered and listed overseas by domestic companies. The direct overseas offering and listing of domestic companies refer to such overseas offering and listing of a joint stock limited company incorporated in the territory of PRC. The indirect overseas offering and listing of domestic companies refer to such overseas offering and listing made in the name of an offshore entity but based on the equity, assets, earnings, or other similar rights of a domestic company that operates its main business domestically.

The Overseas Listing Trial Measures also provide the conditions for overseas offering and listing. An overseas offering and listing are prohibited under any of the following circumstances:

(I) the listing and financing fall under specific prohibition in the laws, administrative regulations, and relevant national provisions;

(II) the overseas offering and listing may constitute endangerment to national security as reviewed and determined by competent authorities under the State Council in accordance with law;

(III) the domestic company and its controlling shareholder(s), actual controllers, have a criminal record in recent three years for corruption, bribery, encroachment of assets, misappropriation of assets, or disruption of socialist market economy order;

(IV) the domestic company is under investigation according to law for suspected crimes or major violations of laws and regulations, but no clear conclusions have been reached;

(V) there are material ownership disputes over the equities held by the controlling shareholders or the shareholders whose actions are controlled by the controlling shareholders or actual controllers.

In addition, under the Overseas Listing Trial Measures, where a PRC domestic company submits an application for initial public offering to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted.

In the event of the occurrence of any of the following material events after the overseas offering and listing, the PRC domestic companies shall make a detailed report to the CSRC within three working days after the occurrence and public announcement of the relevant event:

(I) change of control;

(II) being subject to investigation, punishment, or other measures by overseas securities regulatory authorities or the relevant competent authorities;

(III) change of the listing status or transfer of listing board;

(IV) voluntary or compulsory termination of listing.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises, which was issued by the CSRC, MOF, the National Administration of State Secrets Protection and the National Archives Administration on February 24, 2023 and implemented since March 31, 2023, a domestic enterprise that provides or through its overseas listed entity, publicly discloses or provides to relevant individuals or entities including securities companies, securities service providers and overseas regulators, any document and materials that contain state secrets or working secrets of government agencies, shall first obtain approval from competent authorities according to law, and files with the secrecy administrative department at the same level. A domestic enterprise that provides accounting archives or copies of accounting archives to any entities including securities companies, securities service providers and overseas regulators and individuals shall fulfill due procedures in compliance with applicable national regulations.

Merger and Division

Pursuant to the PRC Company Law, a merger agreement shall be signed by merging companies and the involved companies shall prepare respective balance sheets and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a balance sheet and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers or on the National Enterprise Credit Information Publicity System within 30 days. The liabilities of the company which have accrued prior to the division shall be jointly borne by the separated companies, unless otherwise stipulated in the agreement in writing entered into by the company with creditors in respect of the settlement of debts prior to division.

The PRC Securities Law, Regulations and Regulatory Regimes

The PRC has promulgated a series of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and CSRC. The Securities Committee 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 CSRC. The CSRC is the regulatory executive body of the Securities Committee 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. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

On April 22, 1993, the State Council promulgated the Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) governing the application and approval procedures for public offerings of shares, issuance of and trading in shares, the acquisition of listed companies, deposit, clearing, and transfer of shares, the disclosure of information, investigation, penalties and dispute resolutions with respect to a listed company.

The Securities Law of the PRC (《中華人民共和國證券法》) (the "PRC Securities Law") took effect on July 1, 1999, and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019, respectively. The latest revised PRC Securities Law took effect on March 1, 2020. The PRC Securities Law is the first national securities law in the PRC, comprehensively regulating activities in the PRC securities market. It is divided into 14 chapters and 226 articles, including the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies, and the responsibilities of the securities registration and settlement institutions and securities regulatory authorities. Article 224 of the PRC Securities Law provides that domestic enterprises issuing shares overseas directly or indirectly or listing their shares overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign-issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and CSRC.

Arbitration and Enforcement of Arbitral Awards

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "PRC Arbitration Law") was enacted by the NPCSC on August 31, 1994, which became effective on September 1, 1995, and was amended on August 27, 2009, and September 1, 2017. The PRC Arbitration Law is applicable to, among other matters, economic disputes involving foreign parties where all parties had entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee, the making of an award on matters beyond the scope of the arbitration agreement, or the jurisdiction of the arbitration commission).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party or whose property is not located within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958, pursuant to a resolution passed by the NPCSC 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 thereto subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the NPCSC declared that (I) the PRC would only apply the Convention 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.

An agreement has been reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. The Supreme People's Court of China issued the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《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》) on November 26, 2020, which went into effect on November 27, 2020. The arrangements reflect the spirit of the New York Convention. Pursuant to the arrangements, awards made by PRC arbitral authorities acknowledged by Hong Kong arbitration rules can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in mainland China. Where a court of the mainland China finds that enforcement in the mainland China of the ruling made by the Hong Kong arbitral authority will violate public interests of the mainland China, execution of the ruling may be ignored.

SUMMARY OF MATERIAL DIFFERENCES BETWEEN HONG KONG AND THE PRC COMPANY LAW

As a joint stock limited company established in the PRC that is seeking an initial listing of shares on the stock exchange, we are governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of certain material differences between Hong Kong company law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing in accordance with the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate Existence

According to the PRC Company Law, a joint stock limited company may be incorporated by promotion or raising.

Share Capital

Under the PRC Securities Law, an application for listing shall comply with the listing rules of the stock exchange.

According to the PRC Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation. The non-monetary property as capital contributions shall be assessed and verified, which may not be overvalued or undervalued. If there are provisions on the assessment of value in any law or administrative regulation, such provisions shall prevail.

Restrictions on Shareholding and Transfer of Shares

Under the PRC law, the Unlisted Shares, which are denominated and subscribed for in Renminbi, can only be subscribed for and traded by PRC investors, qualified overseas institutional investors or qualified overseas strategic investors. Overseas listed shares, which are denominated in Renminbi and subscribed for in a foreign currency, may only be subscribed for, and traded by, investors from countries and regions outside the PRC or other qualified PRC institutional investors. If the H Shares are eligible securities under the Southbound Trading Link, they are also available for subscription and trading by domestic investors in the PRC pursuant to the rules and restrictions of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

According to the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. The directors and senior management of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors or senior executives may be specified in the articles of association.

Notice of Shareholders' Meeting

According to the PRC Company Law, notice of annual shareholder's meeting must be given not less than 20 days before the meeting, while notice of an interim shareholders' meeting must be given not less than 15 days before the meeting.

Quorum for Shareholder's meeting

The PRC Company Law does not specify any quorum requirement for a shareholder's meeting.

Voting at Shareholder's meeting

According to the PRC Company Law, a resolution made by the shareholders' meeting shall be adopted by the shareholders representing more than half of the voting rights.

A resolution made by the shareholders' meeting on modifying the articles of association, increasing or decreasing the registered capital, as well as merger, division, dissolution or change of corporate form of the company shall be adopted by the shareholders representing more than two thirds of the voting rights.

Variation of Class Rights

According to the PRC Company Law, where any of the matters occurs to a company that issues classified shares and may affect the rights of the classified shareholders, it shall not only be decided by the shareholders' meeting, but also be adopted by shareholders representing two thirds of the voting rights who are present at the classified shareholders' meeting.

Directors

According to the PRC Company Law, where any director directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association. Where any of the near relatives of the directors, or any of the enterprises directly or indirectly controlled by the directors, or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, concludes a contract or conducts a transaction with the company, the aforesaid provisions shall apply. Where a director is removed prior to the expiration of term of office without any justifiable reason, the director may require the company to make compensation.

The PRC Company Law, unlike the Companies Ordinance, does not contain any requirements relating to the declaration of directors' interests in material contracts, restrictions on directors' authority in making major dispositions, restrictions on companies providing certain benefits to directors and guarantees in respect of directors' liability and prohibitions against compensation for loss of office without shareholders' approval.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director other than members of the Audit Committee or senior management violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the Audit Committee to initiate proceedings in the people's court. If the Audit Committee Members violate the relevant provisions of the Company Law, the above shareholders may request in writing the board of directors to initiate litigation at the people's court. Upon receipt of such written request from the shareholders, if the Audit Committee or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the people's court in their own name.

Protection of Minorities

The PRC Company Law provides that where a company meets any serious difficulty in its operation or management, and the interests of its shareholders will be subject to heavy loss if the company survives, which cannot be solved by any other means, the shareholders who hold 10% or more of the voting rights of the company may request the people's court to dissolve the company.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against directors of the company in default.

Financial Disclosure

According to the PRC Company Law, a joint stock limited company is required to make available at the company for inspection by shareholders its financial report 20 days before its shareholders' meeting. In addition, a joint stock limited company of which the public offering Shares are offered should publish its financial report.

According to the PRC Company Law, a company shall at the end of each accounting year prepare a financial report which shall be audited by the accounting firm in accordance with the laws.

Information on Directors and Shareholders

The PRC Company Law gives shareholders the right to inspect and copy the Articles of Association, minutes of the shareholders' meeting, resolutions of meetings of the board of directors and financial and accounting reports.

Corporate Reorganization

According to the PRC Company Law, the merger, demerger, dissolution or change to the forms of a joint stock limited company has to be approved by shareholders at shareholder's meeting.

Statutory Deductions

According to the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it distributes any profits after taxation. When the aggregate amount of the company's statutory reserve fund reaches 50% of the company's registered capital, the company may no longer make allocations from the statutory reserve fund. After a company has made an allocation to its statutory reserve fund from its after-tax profit, it may make an allocation to its discretionary reserve fund from its after-tax profit upon a resolution approved at the shareholders' meeting.

Remedies of Company

According to the PRC Company Law, if a director or senior management in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director or senior management should be responsible to the company for such damages.

Dividend

Under the PRC Company Law, the residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the articles of association.

Fiduciary Duties

Under the PRC Company Law, directors, managers and other senior management personnel of a company have the duty of loyalty and diligence to the company. Such persons shall abide by the articles of association of the company, perform their duties honestly and diligently, safeguard the interests of the company, and shall not use their position and authority in the company for their personal gain.

Closure of Register of Members

According to the PRC Company Law, the register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

This Appendix contains a summary of the principal provisions of the Articles of Association adopted in December 2025, which will become effective on the date on which the H Shares are **[REDACTED]** on the Stock Exchange. The main purpose of this Appendix is to provide **[REDACTED]** with an overview of the Articles of Association and it may not necessarily contain all information that is important to **[REDACTED]**.

DIRECTORS AND THE BOARD OF DIRECTORS

Power to allot and issue Shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allot or issue Shares.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the Shareholders' meeting for approval.

Guarantees of loans to directors or other management personnel

The external guarantee matters of the Company shall be submitted to the Board of Directors and the Shareholders' meeting for deliberation.

The following acts of external guarantee of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

(1) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(2) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's net assets as audited in the latest period;

(3) any guarantee to be provided by the Company for a third party in a single year, the total amount of which has exceeded 30% of the Company's total assets as audited in the latest period;

(4) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(5) any single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(6) any guarantee to be provided to a Shareholder, or to an ultimate controller or its related party;

(7) other guarantees required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Giving of financial assistance to purchase the shares of the Company or shares of any subsidiary

The Company or the subsidiaries it controls shall not provide any gift, loan, security, or other financial assistance for others to obtain the shares of the Company or its parent company, except where the Company implements an employee stock ownership plan.

For the benefit of the Company, the Company may, upon a resolution by the Shareholders' meeting or by the Board of Directors under these Articles of Association or the authorization of the Shareholders' meeting, provide financial aids for others to obtain the shares of the Company or its parent company, provided that the total accumulative amount of the financial aids shall not exceed 10% of the total issued share capital. A resolution by the Board of Directors shall be adopted by two thirds or more of all the Directors.

Disclosure of interests in contracts with the Company or any subsidiary

Directors shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the Board of Directors or the Shareholders' meeting.

Remuneration

The appointment and removal of the members of the Board of Directors, as well as their remuneration and payment methods, shall be adopted by the Shareholders' meeting by ordinary resolution.

Retirement, appointment, removal

The Board shall consist of no fewer than nine (9) Directors, including at least three (3) Independent Non-Executive Directors representing not less than one-third of total Directors.

The Board shall have one chairman. The chairman of the Board shall be elected by more than half of all the Directors.

Directors shall be elected or replaced by the Shareholders' meeting and may be removed by the Shareholders' meeting before the expiration of their term of office. The Directors serve three-year terms and can be re-elected and reappointed at the end of the term, except as otherwise provided in the security regulatory rules for the place where the Company's shares are listed.

The general manager or other senior managers may concurrently serve as Directors. However, the total number of Directors concurrently serving as the general manager or other senior managers shall not exceed half of the total number of Directors of the Company.

The following persons shall not serve as our Directors:

(1) having no capacity for civil conduct or limited capacity for civil conduct;

(2) a person who has been sentenced to criminal punishment due to corruption, bribery, embezzlement, misappropriation of property or sabotage of socialist market economic order, or has been deprived of political rights due to criminal offenses, and is within five years of the expiration of the enforcement period; in case of a suspended sentence, not more than two years have elapsed since the date of expiry of the probationary period;

(3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is 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 insolvent liquidation of such company or enterprise;

(4) a person who served as the legal representative of a company or enterprise which has its business license revoked or is ordered to close down due to violation of the law and who is personally liable, where less than three years have elapsed since the date of revocation of the business license or the order for closure of such company or enterprise;

(5) 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 debts which has fall due;

(6) a person who is banned by the CSRC from access to the securities market, and the ban has not expired;

(7) a person who is publicly recognized by the stock exchange as unsuitable to serve as director, senior management etc. of the listed company, and the ban has not expired;

(8) other contents required by laws, regulations, departmental rules, Listing Rules and other security regulatory rules for the place where the Company's shares are listed.

If a Director is elected or appointed in violation of this article, such election, appointment or engagement shall be invalid. The Company shall remove a Director from office if any of the circumstances set forth in this article occur(s) during the Director's term of office.

Borrowing powers

The Board has the power to make proposals in relation to the issue of bonds or other securities of the Company, and such issue of bonds is subject to the approval of the Shareholders at the Shareholders' meeting. The Shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Duties

The Directors shall abide by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, and shall have the following duties of loyalty to the Company:

(1) shall not encroach on the Company's property or misappropriate company funds;

(2) shall not deposit the Company's assets into accounts held in their own names or in the name of any other individual(s);

(3) shall not abuse their authority by accepting bribes or other illegal income;

(4) shall not conclude any contract or engage in any transaction with the Company without the report to the Board of Directors or Shareholders' meeting or the approval of the Board of Directors or Shareholders' meeting;

(5) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company, unless reported to the Board of Directors or Shareholders' meeting and approved by a resolution of the Shareholders' meeting, or the Company is unable to utilize the business opportunities under laws,

administrative regulations, security regulatory rules for the place where the Company's shares are listed or the provisions of the Articles of Association;

(6) shall not engage in the same business as the Company either for their own account or for the account of any other person without the report to the Board of Directors or Shareholders' meeting or the approval of the Shareholders' meeting;

(7) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(8) shall not disclose the Company's confidential information;

(9) shall not abuse their connected relationships to damage the Company's interests;

(10) other duties of loyalty stipulated in laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed and the Articles of Association.

The income obtained by the Director in violation of above articles shall belong to the Company. If losses are caused to the Company because of such violation, such Director shall be liable for compensation.

Directors shall abide by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, and have the following duties of diligence to the Company:

(1) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of national laws, administrative regulations and national economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(2) shall treat all Shareholders fairly;

(3) shall maintain a timely awareness of the operation and management of the Company;

(4) shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;

(5) shall provide accurate information and materials to the Audit Committee and shall not obstruct the Audit Committee from performing its duties;

(6) other duties of diligence stipulated in the laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed and the Articles of Association.

Secretary of the Board of Directors

Our Company shall establish a secretary to the Board of Directors, responsible for the preparation of our Company's Shareholders' meeting and Board of Directors' meeting, retention of documents, management of our investor relations and our Company's Shareholder materials, and handling of information disclosure matters.

MODIFICATION OF THE ARTICLE OF ASSOCIATION

Our company shall amend its articles of association in any of the following circumstances:

(1) After amendments to the Company Law or relevant laws, administrative regulations, or the Listing Rules, the provisions of the articles of association conflict with the provisions of the amended laws, administrative regulations, or the Listing Rules;

(2) The circumstances of the company have changed and are inconsistent with the provisions of the articles of association;

(3) The shareholders' meeting decides to amend the articles of association.

In the event that the amendments to the Articles of Association passed by the Shareholders' meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

SPECIAL RESOLUTIONS — MAJORED REQUIRED

The resolutions of the Shareholders' meeting are categorized as ordinary resolutions and special resolutions. An ordinary resolution shall be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the Shareholders' meeting. A special resolution shall be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the Shareholders' meeting.

VOTING RIGHTS (GENERALLY AND ON A POLL)

Shareholders (including proxies) shall exercise their voting rights according to the number of voting Shares they represent, and each Share shall have one vote.

The Shares held by the Company do not have voting rights, and these Shares are not included in the total number of Shares with voting rights present at the Shareholders' meeting.

When the Shareholders' meeting deliberates on related transactions, affiliated Shareholders shall not participate in voting.

The Shareholders' meeting adopts a registered voting method. The same voting right can only choose one of on-site, online or other voting methods. In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the Shareholders' meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention.

Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention."

The Articles of Association do not contain provisions regarding variation of rights of existing shares or classes of shares.

REQUIREMENTS FOR ANNUAL SHAREHOLDERS' MEETING

The Shareholders' meeting are divided into annual Shareholders' meeting and extraordinary Shareholders' meeting. The annual Shareholders' meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

ACCOUNTING AND AUDITS

Financial and accounting policies

The Company shall develop its financial and accounting system in accordance with the laws, administrative regulations, and the rules stipulated by relevant authorities. Where the Listing Rules or the securities regulatory authority at the place where the Company's shares are listed has other provisions, such provisions shall prevail.

The Company shall not keep accounts other than those provided by law. Funds of the Company shall not be deposited in an account opened in the name of any individual.

Appointment and dismissal of Accountants

The Company engages accounting firms that comply with the provisions of the PRC Securities Law, the Listing Rules and other security regulatory rules for the place where the Company's shares are listed to conduct accounting statement auditing, net asset verification, and other related consulting services. The term of employment is one year and can be renewed. The appointment of an accounting firm by the Company must be decided by a majority of Shareholders at the Shareholders' meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made at the Shareholders' meeting. The Company guarantees to provide the accounting firm it engages with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or falsely report.

The remuneration of an accounting firm shall be determined by the Shareholders' meeting. When the Company dismisses or no longer renews the appointment of an accounting firm, the Shareholders' meeting shall make a decision and notify the accounting firm in advance. When the Company's Shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm is allowed to state its opinions. If the accounting firm proposes to resign, it shall explain to the shareholders' meeting whether the Company has any improper circumstances.

NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETING

The Shareholders' meeting is the organ of authority of the Company. The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the fact:

(I) the number of Directors is less than two-thirds of the number specified in the PRC Company Law or the Articles of Association;

(II) where the Company's unfunded losses reach one-third of the total Share capital paid in;

(III) where the Shareholder(s) who individually or jointly hold no less than 10% of the Company's Shares (including preference shares with restored voting rights) request(s) holding of such a meeting;

(IV) when deemed necessary by the Board of Directors;

(V) when the Audit Committee proposes to convene such a meeting;

(VI) in other circumstances stipulated by laws, administrative regulations, departmental rules, Listing Rules, security regulatory rules for the place where the Company's shares are listed, or the Articles of Association.

The Audit Committee has the right to propose to the Board of Directors the convening of an extraordinary Shareholders' meeting and shall submit it in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, Listing Rules, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether to agree or disagree with the convening of an extraordinary Shareholders' meeting within ten days after receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, a notice of convening the Shareholders' meeting shall be issued within five days after the Board of Directors' resolution is made. Any changes to the original proposal in the notice shall require the consent of the Audit Committee. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within ten days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to fulfill its duty to convene a Shareholders' meeting, and the Audit Committee may convene and preside over it on its own.

Shareholders who individually or collectively hold 10% or more of the Company's Shares (excluding treasury shares, but including preference shares with restored voting rights) have the right to request the convening of an extraordinary Shareholders' meeting from the Board of Directors and shall submit it in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, Listing Rules, security regulatory rules for the place where the Company's shares are listed and the Articles of Association, provide written feedback on whether to agree or disagree with the convening of an extraordinary Shareholders' meeting within ten days after receiving the request. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within five days after making the Board resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within ten days after receiving the request, Shareholders who individually or collectively hold 10% or more of the Company's Shares (excluding treasury shares, but including preference shares with restored voting rights) have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit a request in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be approved by the relevant Shareholders. If the Audit Committee fails to issue a notice of the Shareholders' meeting within the prescribed period, it shall be deemed that the Audit Committee has not convened and presided over the Shareholders' meeting. Shareholders who individually or collectively hold 10% or more of the Company's Shares for more than 90 consecutive days may convene and preside over the Shareholders' meeting on their own.

The Company holds a Shareholders' meeting, and the Board of Directors, Audit Committee, and Shareholders who individually or jointly hold more than 1% of the Company's Shares (excluding treasury shares, but including preference shares with restored voting rights) have the right to submit proposals to the Company. Shareholders who individually or collectively hold more than 1% of the

Company's Shares (excluding treasury shares, but including preference shares with restored voting rights) may submit temporary proposals and submit them in writing to the convener ten days prior to the convening of the shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within two days after receiving the proposal, announcing the content of the temporary proposal.

Except for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the Shareholders' meeting or add new proposals after issuing the notice of the Shareholders' meeting. Proposals that are not listed in the notice of the Shareholders' meeting or do not comply with the provisions of the Articles of Association shall not be voted on and a resolution shall not be made by the Shareholders' meeting.

The convener will notify all Shareholders by announcement 21 days before the annual Shareholders' Meeting is held, and the extraordinary Shareholders' Meeting will notify all Shareholders by announcement 15 days before the meeting is held.

The notice and supplementary notice of the Shareholders' Meeting shall fully and completely disclose all specific contents of all proposals.

The resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions.

The following matters shall be passed by ordinary resolution at the Shareholders' meeting:

(I) work reports of the Board of Directors;

(II) to review and approve the profit distribution plan and loss recovery plan drafted by Board of Directors;

(III) appointment or dismissal of the members of the Board of Directors and formulate their salary plans;

(IV) to make decisions on the hiring and dismissal of accounting firms and the determination of remuneration for our Company;

(V) to review and approve transactions as provided for in Article 51, financial aids as provided in 52 and guarantees as provided in 53 (except for item (III)) of these Articles of Association;

(VI) transactions under the Company's connected transaction regime that require approval by the Shareholders' meeting; matters related to changes in the use of proceeds;

(VII) to resolve on the issuance of bonds of the company;

(VIII) matters other than those required by laws, administrative regulations, Listing Rules, security regulatory rules for the place where the Company's shares are listed, or the Articles of Association to be passed through special resolutions.

The following matters shall be passed by the special resolution of the Shareholders' meeting:

(I) the increase or decrease in registered capital of the Company;

(II) the merger, division, dissolution, liquidation or change of the form of the Company;

(III) the amendment to the Articles of Association;

(IV) the Company's purchase or disposal of major assets or providing any security for others within one year in an amount exceeding 30% of the Company's net assets as audited in the latest period;

(V) other matters required by laws, administrative regulations, the Listing Rules, security regulatory rules for the place where the Company's shares are listed or the Articles of Association, or resolved at a Shareholders' meeting, by an ordinary resolution, to be of a nature that may have a material impact on the Company and should be adopted by special resolution.

If the content of the resolutions of the Shareholders' meeting and the Board of the Company violate the laws, regulations and prescriptive documents, the Shareholders shall have the right to request the people's court to hold it invalid.

If the convening procedures and voting methods of the Shareholders' meeting or the Board violate laws, regulations and prescriptive documents or the Articles of Association, or the contents of the resolutions violate the Articles of Association, the Shareholders shall have the right to request the people's court to revoke the resolutions within 60 days from the date of adoption of the resolutions, except where the procedures for convening a meeting of the Shareholders' meeting or the Board or the voting method only has some minor defects, which produces no substantial effect on the resolution.

TRANSFER OF SHARES

Shares of the Company issued prior to the public issue of Shares may not be transferred within one year of the date of the Company's listed on a stock exchange.

Directors and the senior management of the Company shall declare to the Company their shareholdings (including preference shares, if applicable) in it and changes in such shareholdings. During their terms of office as determined when they assume the posts, they may transfer no more than 25% of their total number of shareholding in the Company every year; they shall not transfer their shareholding within one year from the date of listed of the Company's shares on a stock exchange. The aforesaid persons shall not transfer the shares of the Company held by them within half a year after they leave office.

POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

The Company shall not acquire its own Shares. However, except for one of the following situations:

(I) to reduce the registered capital of the Company;

(II) to merger with other companies holding Shares in the Company;

(III) to use Shares for employee shareholding schemes or as equity incentives;

(IV) to acquire the Shares of shareholders (upon their request) who vote against any resolution adopted at any Shareholders' meeting regarding the merger or division of the Company;

(V) to use the Shares to satisfy the conversion of the convertible corporate bonds into Shares issued by the Company;

(VI) to safeguard corporate value and Shareholders' interests as the Company deems necessary;

(VII) other matters in which laws, administrative regulations, departmental rules and other security regulatory rules for the place where the Company's shares are listed allow the Company to acquire its own Shares.

Repurchase of the Company's shares can be carried out in a public and centralized manner, or other ways approved by the laws, administrative regulations, Listing rules, the securities regulatory authority of the place where the Company's shares are listed, and CSRC. Repurchase of the Company's shares in the circumstances as stipulated in item (III), (V) or (VI) of the preceding paragraph shall be carried out in a public and centralized manner.

POWER OF ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT

There are no provisions in the Articles of Association relating to ownership by subsidiary of our Company of Shares in its parent.

DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends in cash, stock or the combination of cash and stock. After the Shareholders' meeting of the Company makes a resolution on profit distribution plan, the Board of Directors of the Company shall complete the distribution of dividend (or share) within two months after such Shareholders' meeting.

SHAREHOLDER PROXIES

The Shareholders may attend and vote at the Shareholders' meeting in person or by proxy. Any proxy statement issued by a Shareholder who authorizes a proxy to attend the Shareholders' meeting on his behalf shall include the following details:

(I) the name of the principal, and the category and quantity of the Company's shares held and the name of the proxy;

(II) the name of the proxy;

(III) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the Shareholders' meeting agenda;

(IV) the issuance date and valid period of the proxy statement;

(V) the signature (or seal) of the Shareholder. If the principal is a corporate Shareholder, the corporate seal shall be affixed (entities without an official seal, the authorized signatory shall sign and submit authorization documents);

(VI) other matters in which laws, administrative regulations, departmental rules and security regulatory rules for the place where the Company's shares are listed stipulate.

The power of attorney shall indicate whether the Shareholder's proxy can vote according to his or her own will if the Shareholder does not give specific instructions.

CALLS ON SHARES AND FORFEITURE OF SHARES

There are no provisions in the Articles of Association relating to calls on Shares and forfeiture of Shares.

INSPECTION OF REGISTER OF SHAREHOLDERS

Our Company establishes a register of members based on the vouchers provided by the securities registration and settlement institution, which is sufficient evidence to prove that shareholders hold our Company's Shares. Shareholders shall enjoy rights and assume obligations according to the types of Shares they hold. Shareholders holding the same type of Shares shall have equal rights and assume the same obligations. Our Company shall keep a copy of the register of the holders of the overseas foreign Shares at our residential address. The overseas entrusted agency shall at all times maintain consistency between the original and copy of the register of the holders of the overseas foreign Shares. When there is a discrepancy between the original and copies of the register of holders of the overseas foreign Shares, the original shall prevail.

QUORUM FOR SHAREHOLDERS' MEETING

There are no provisions in the Articles of Association relating to quorum for Shareholders' Meeting of the Company.

RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION THEREOF

If Directors who are not member of the Audit Committee and senior management personnel violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days have the right to request in writing that the Audit Committee file a lawsuit with the people's court; if the member of Audit Committee violates laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed or the provisions of the Articles of Association while performing his or her duties, causing losses to our Company, the aforementioned Shareholders may request in writing that the Board of Directors file a lawsuit with the people's court. If the Audit Committee or the Board of Directors refuses to file a lawsuit after receiving a written request from the Shareholders specified in the preceding paragraph, or fails to file a lawsuit within 30 days from the date of receiving the request, or if the situation is urgent and the failure to file a lawsuit immediately will cause irreparable damage to our Company's interests, the Shareholders specified in the preceding paragraph have the right to directly file a lawsuit in their own name to the people's court for the benefit of our Company.

If another person infringes on the legitimate rights and interests of our Company and causes losses to our Company, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days may file a lawsuit with the people's court in accordance with the provisions of the preceding paragraphs.

If Directors and senior management personnel of the Company's wholly owned subsidiaries violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, causing losses to our Company, or others infringing on the legitimate rights and interests of the Company's wholly-owned subsidiaries resulting in losses, Shareholders who individually or jointly hold more than 1% of our Company's Shares for more than 180 consecutive days have the right to request in writing in accordance with the aforementioned provisions that the Audit Committee or the Board of Directors file a lawsuit with the people's court, or directly file lawsuit on Shareholders' own name.

PROCEDURES ON LIQUIDATION

The Company may be dissolved for the following reasons:

(I) the term of operation stipulated in the Articles of Association has expired or circumstances for dissolution specified in the Articles of Association arises;

(II) a resolution for dissolution is passed at a Shareholders' meeting;

(III) merger or division of the Company entails dissolution;

(IV) the business license is revoked or the Company is ordered to close down or be deregistered according to the law;

(V) if the company's operations and management encounter serious difficulties, and continuing to exist would cause significant losses to shareholders' interests, and the issue cannot be resolved through other means, shareholders holding more than 10% of the company's voting rights may request the People's Court to dissolve the company.

If the Company has any cause for dissolution specified in the preceding paragraphs, it shall make public the cause of dissolution through the National Enterprise Credit Information Publicity System within 10 days.

In the circumstances set out in item (I) and (II) above, and the Company has not distributed property to the Shareholders, the Company may continue to subsist by amending the Articles of Association or by a resolution of the Shareholders' meeting.

Amendments to the Articles of Association or a resolution of the Shareholders' meeting pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the Shareholders attending the Shareholders' meeting.

If the Company is dissolved pursuant to items (I), (II), (IV) and (V) as mentioned above, it shall establish a liquidation committee within 15 days after the circumstance for dissolution arises. The liquidation committee shall consist of the Directors, except as otherwise provided in the Articles of Association or the shareholders' meeting resolution to elect another person. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing any loss to the Company or any creditor, the liquidation obligors are liable in damages.

The liquidation committee shall notify creditors within 10 days after its establishment and within 60 days make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after the announcement if the creditors have not received the notice.

When declaring the claims, the creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After the liquidation committee has sorted out the assets of the Company and prepared a balance sheet and an inventory of property, it shall formulate a liquidation plan and submit the same to the Shareholders' meeting or the people's court for confirmation.

The Company shall, according to the proportion of the Shares held by the Shareholders, distribute the properties of the Company remaining after payment of the liquidation expenses, employees' salaries, social insurance expenses and statutory compensations, outstanding taxes, and the Company's debts.

The Company shall subsist in the course of liquidation but shall not conduct any business operations unrelated to liquidation. Before liquidation as specified in the preceding paragraphs, the properties of the Company shall not be distributed to Shareholders.

Upon liquidation of the Company's properties and the preparation of the balance sheet and inventory of assets, if the liquidation committee becomes aware that the Company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a declaration for bankruptcy according to laws. After the people's court accepts the petition for bankruptcy, the liquidation committee shall refer the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and submit it to the Shareholders' meeting or the people's court for confirmation, and shall, submit it to the company registration authority, and apply for deregistration of the Company and announce the termination of the Company.

OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

General Provisions

Our Company is a permanently existing joint stock limited company.

The Shareholders are responsible for our Company to the extent of their subscribed Shares, and our Company is responsible for our Company's debts with all its assets.

From the effective date, this Articles of Association shall become a legally binding document regulating the organization and behavior of our Company, the rights and obligations between our Company and its Shareholders, and between Shareholders, and shall have legal binding force on our Company, Shareholders, Directors, and senior management.

Share and Transfer

In light of our Company's operational and developmental needs, our Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the Shareholders' meeting, by any of the following methods:

(I) issue of shares to unspecified objects;

(II) issue of shares to specified objects;

(III) allotment of bonus shares to existing shareholders;

(IV) conversion of reserve funds to share capital;

(V) other methods prescribed by laws, administrative regulations, or approved by CSRC and Hong Kong Stock Exchange.

Our Company may reduce its registered capital. Any reduction of our Company's registered capital shall be subject to the procedures prescribed in the PRC Company Law and other relevant regulations, as well as the Articles of Association.

Shareholders

Shareholders are entitled to rights and assumes obligations pursuant to the classification of their shares.

Shareholders holding the same classified Share have the same rights and assume the same obligations. Shareholders of our Company shall enjoy the following rights:

(I) the right to dividends and other distributions in proportion to the number of Shares held;

(II) the right to apply for, convene, preside, attend or appoint proxies to attend Shareholders' Meeting and to exercise the corresponding right to vote;

(III) the right to supervise, present proposals or raise enquiries in respect of our Company's business operations;

(IV) the right to transfer, give as a gift or pledge the Shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(V) the right to inspect and copy the Articles of Association, Register of Shareholders, minutes of Shareholders' Meeting, resolutions of the Board of Directors and accounting reports of Our Company and Subsidiaries, and eligible shareholders shall enjoy the right to inspect the accounting books and documents of the Company and its wholly-owned subsidiaries;

(VI) in the event of the termination or liquidation of our Company, the right to participate in the distribution of the remaining property of our Company in proportion to the number of Shares held;

(VII) Shareholders who object to resolutions of merger or division made by the Shareholders' Meeting may request our Company to purchase Shares held;

(VIII) other rights provided for by laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he or she shall submit to our Company written documents proving the class(es) and number of Shares he or she holds. Our Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

Shareholders of our Company shall have the following obligations:

(I) to abide by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association;

(II) to pay the Share subscription price based on the Shares subscribed for by them and the method of acquiring such Shares;

(III) not to return Shares unless the laws, regulations and security regulatory rules for the place where the Company's shares are listed prescribed otherwise;

(IV) not to abuse Shareholders' rights to infringe upon the interests of our Company or other Shareholders; not to abuse our Company's status as an independent legal entity or the limited liability of Shareholders to harm the interests of our Company's creditors;

(V) to assume other obligations required by laws, administrative regulations, security regulatory rules for the place where the Company's shares are listed and the Articles of Association.

Any Shareholder who abuses Shareholders' rights and causes our Company or other Shareholders to suffer a loss shall be liable for making compensation in accordance with the law. Any Shareholder who abuses the status of our Company as an independent legal entity or the limited liability of Shareholders to evade debts and severely harm the interests of our Company's creditors shall assume joint and several liability for our Company's debts.

The Articles of Association do not contain provisions regarding the time limit after which the entitlement to dividends lapses, or the party in whose favor the lapse operates.

The Audit Committee

Our company does not have the Board of Supervisors or Supervisor but has an Audit Committee within the Board of Directors to exercise the powers of the Board of Supervisors as stipulated in the Company Law.

General Manager

The company's general manager, deputy general managers, Chief Financial Officer, secretary of the Board of Directors, and other senior management personnel determined by the Board of Directors shall be deemed as the senior management personnel of the company. The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(I) to be in charge of the production, operation and management of our Company, to organize the implementation of the resolutions of the Board of Directors, and to report his or her works to the Board of Directors;

(II) to organize the implementation of our Company's annual business plans and investment plans;

(III) to draft plans for the establishment of our Company's internal management organization;

(IV) to draft our Company's basic management system;

(V) to formulate the specific rules and regulations of our Company;

(VI) to propose to the Board of Directors appointment or dismissal of deputy general manager or other senior management;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) such other functions and powers conferred by the laws, administrative regulations, departmental rules, security regulatory rules for the place where the Company's shares are listed, Articles of Association or the Board of Directors.

The general manager shall attend the Board meeting as a non-voting delegate and shall be responsible to the Board of Directors.

Reserves

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits into its statutory reserve fund. If the accumulated amount of the Company's statutory reserve fund is more than 50% of the registered capital of the Company, further appropriation is not necessary.

If the statutory reserve fund of the Company is insufficient to make up for the losses of previous years, the profits of the current year shall be used to make up for the losses before making allocations to the statutory reserve fund in accordance with the provisions of the preceding paragraph.

After the Company has withdrawn the statutory reserve fund from the after-tax profit, it may also withdraw discretionary reserve fund from the after-tax profit upon the resolution of the Shareholders' meeting.

After the Company has made up for its losses and made allocations to its reserve fund, the remaining after-tax profits shall be distributed to the Shareholders in proportion to their shareholdings, except for those shall not be distributed in proportion to their shareholdings as stipulated in the laws, regulations, security regulatory rules for the place where the Company's shares are listed and Articles of Association.

If the Shareholders' meeting, in violation of the provisions of the preceding paragraph, distributes profits to Shareholders before the Company makes up for losses and makes allocations to the statutory reserve fund, the Shareholders shall return the profits distributed in violation of the provisions to the Company.

The shares of the Company held by the Company shall not participate in profit distribution.

Company reserve funds shall be used to cover the Company's losses, expand production and operations, or converted to increase the Company's capital. Where the reserve funds of the Company is used for making up losses, the discretionary reserve fund and statutory reserve fund shall be used first. If such losses still cannot be made up, the capital reserve fund can be used.

After converting statutory reserve funds into registered capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital before such conversion.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on March 17, 2020, and was converted into a joint stock company with limited liability on December 11, 2025. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 20, 2026, and have established a place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Ms. KWAN Lok Yan 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 III, IV and V to this document.

2. Changes in the Share Capital of Our Company

On June 20, 2025, our Company's registered capital increased from RMB1,736,080 to RMB2,121,875 as a result of Series B Financing.

On July 4, 2025, our Company's registered capital increased from RMB2,121,875 to RMB2,227,969 as a result of Series B+ Financing.

On September 11, 2025, our Company's registered capital increased from RMB2,227,969 to RMB2,879,468 as a result of (i) Series B++ Financing and (ii) capital contributions made by Worang Zhongchuang and Guyuan Investment.

On December 11, 2025, our Company's registered capital increased from RMB2,879,468 to RMB30,000,000 as a result of the conversion into a joint stock limited liability company.

On December 29, 2025, our Company's registered capital increased from RMB30,000,000 to RMB31,958,808 as a result of Series C Financing.

Save as disclosed above, there has been no alteration in our share capital within the two years immediately preceding the date of this document.

3. 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.

On January 22, 2025, Guangdong Direct Drive was established as a limited liability company in the PRC with a registered capital of RMB10,000,000.

On October 21, 2025, Tianjin Direct Drive was established as a limited liability company in the PRC with a registered capital of RMB20,000,000.

On March 19, 2026, Hong Kong Direct Drive was incorporated as a limited company in Hong Kong with a share capital of HK$700,000.

Save as disclosed above, there has been no other alterations of share capital of our subsidiaries that took place within two years preceding the date of this document.

4. Resolutions of Our Shareholders

At the general meeting of our Company held on December 31, 2025, the following resolutions, among others, were passed by our Shareholders:

(a) the subdivision of each of our Share with par value of RMB1.00 on the basis of 1:10, with effect immediately before the **[REDACTED]**;

(b) the issuance by our Company of the H Shares of nominal value of RMB0.10 each and such H Shares being **[REDACTED]** on the main board of the Stock Exchange. The number of H Shares to be **[REDACTED]** shall not be more than **[REDACTED]**% of the total **[REDACTED]** share capital of our Company as enlarged by the **[REDACTED]** before the exercise of the **[REDACTED]**, and the grant to the **[REDACTED]** (or their representatives) of the **[REDACTED]** of not more than **[REDACTED]** of the number of H Shares **[REDACTED]** pursuant to the **[REDACTED]**;

(c) subject to the filing with CSRC is completed, upon completion of the Share Subdivision and the **[REDACTED]**, **[REDACTED]** Unlisted Shares will be converted into H Shares on a one-for-one basis;

(d) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** of H Shares on the Stock Exchange;

(e) subject to the completion of the **[REDACTED]**, the granting of a general mandate to the Board to allot and **[REDACTED]** Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be **[REDACTED]** shall not exceed 20% of the number of the Shares in **[REDACTED]** as at the date of the resolution granting the general mandate;

(f) subject to the completion of the **[REDACTED]**, the granting of a general mandate to the Board to repurchase H Shares **[REDACTED]** on the Stock Exchange with an aggregate number of not exceeding **[REDACTED]**% of the number of the total **[REDACTED]** H Shares immediately following the completion of the **[REDACTED]**; and

(g) subject to the completion of the **[REDACTED]**, the conditional adoption of the Articles of Association, which shall become effective on the **[REDACTED]**, and the Board be authorized to revise and amend the Articles of Association in accordance with the requirements of the laws, regulations and Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) the **[REDACTED]**;

(b) the **[REDACTED]**; and

(c) the **[REDACTED]**.

2. 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	本末	28	Our Company	PRC	54094967	October 27, 2031
2	本末	9	Our Company	PRC	54090440	December 27, 2031
3	本末	7	Our Company	PRC	54088958	October 27, 2031
4	本末	12	Our Company	PRC	82309581	July 27, 2036
5	本末科技	28	Our Company	PRC	80520808	March 6, 2035
6	本末科技	9	Our Company	PRC	80520765	May 13, 2035
7	本末科技	7	Our Company	PRC	80520725	February 20, 2035
8	本末动力	7	Our Company	PRC	80512851	March 6, 2035
9	本末动力	28	Our Company	PRC	80510949	March 6, 2035
10	本末动力	9	Our Company	PRC	80503910	May 13, 2035

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
11	DIABLO	9	Our Company	PRC	76451657	October 13, 2034
12	TITA Wave	9	Our Company	PRC	75329269	May 6, 2034
13	TITA Wave	38	Our Company	PRC	75328112	May 6, 2034
14	DDTITA	9	Our Company	PRC	70895491	December 13, 2033
15	DDTITA	7	Our Company	PRC	70892108	October 13, 2033
16	TITA	7	Our Company	PRC	70876447	January 20, 2034
17	DDTITA	28	Our Company	PRC	70873099	October 6, 2033
18	DIABLO	28	Our Company	PRC	65110832	March 6, 2033
19	DIABLO	42	Our Company	PRC	65061919	March 6, 2033
20	DIABLO	9	Our Company	PRC	65061680	June 13, 2033
21	DIABLO	7	Our Company	PRC	65044715	January 6, 2033
22	DIABLO	12	Our Company	PRC	65042657	February 20, 2033
23	DIABLO	9	Our Company	PRC	60294869	July 13, 2032
24	DIABLO	7	Our Company	PRC	60291359	July 6, 2032
25		7, 9, 42	Our Company	EU	018714515	June 9, 2032
26	D-infinite	7	Guangdong Direct Drive	PRC	88122552	June 6, 2036
27	D-infinite	9	Guangdong Direct Drive	PRC	88122551	June 6, 2036
28		9	Guangdong Direct Drive	PRC	88284372	April 27, 2036
29		7	Guangdong Direct Drive	PRC	88284369	May 6, 2036
30	本末无界	7	Guangdong Direct Drive	PRC	88284370	May 20, 2036
31	本末无界	9	Guangdong Direct Drive	PRC	88284371	May 27, 2036
32		7, 9, 42	Our Company	Hong Kong	305979746	June 8, 2032
33	Direct Drive Tech 本末科技	7, 9, 35, 42	Our Company	Hong Kong	307162489	January 15, 2036

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
34		7, 9, 42	Our Company	Japan	6630393	October 20, 2032
35		42	Our Company	U.S.	7317304	February 27, 2034

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.		7	Our Company	PRC	77075307	March 4, 2024
2.		7	Our Company	PRC	81418113	October 16 2024
3.	本末科技 Direct Drive Tech 本末科技 Direct Drive Tech	7, 9, 35, 42	Our Company	Hong Kong	307367301	August 5, 2026
4.	本末科技 Direct Drive Tech	7	Our Company	PRC	93413052	August 10, 2026
5.	本末科技 Direct Drive Tech	7	Our Company	PRC	93413053	August 10, 2026
6.	Direct Drive Tech 本末科技	7	Our Company	PRC	92168989	June 2, 2026

(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	Patent number	Patentee	Application date	Authorization announcement date
1	Robot leg wiring structure (機器人腿部走線結構)	Utility model	ZL202422755163.2	Our Company	November 12, 2024	September 30, 2025
2	Robot leg wiring structure and robot (機器人腿部走線結構及機器人)	Utility model	ZL202422755174.0	Our Company	November 12, 2024	September 30, 2025
3	Driving mechanism for cleaning robot (清潔機器人行駛驅動機構)	Utility model	ZL202422515773.5	Our Company	October 17, 2024	August 5, 2025
4	Spliced winding mechanism and motor module (拼接式繞組機構及電機模組)	Utility model	ZL202422185030.6	Our Company	September 6, 2024	July 8, 2025
5	Built-in control mechanism for direct drive motor and motor (直驅電機內置控制機構及電機)	Utility model	ZL202422166463.7	Our Company	September 4, 2024	July 8, 2025
6	Rotor assembly mechanism and method for direct drive motor (直驅電機的轉子組裝機構及方法)	Invention	ZL202411220997.1	Our Company	September 2, 2024	September 30, 2025
7	Robot docking mechanism and docking robot (機器人對接機構及對接機器人)	Utility model	ZL202421926864.1	Our Company	August 9, 2024	July 8, 2025
8	Robot docking connector (機器人對接連接器)	Utility model	ZL202421926858.6	Our Company	August 9, 2024	July 8, 2025
9	Dust-proof structure, motor and fitness equipment (防塵結構及電機和健身裝置)	Utility model	ZL202421105799.6	Our Company	May 20, 2024	March 11, 2025
10	Obstacle crossing assistance device and cleaning robot (越障輔助裝置及清潔機器人)	Utility model	ZL202421005261.8	Our Company	May 9, 2024	January 28, 2025
11	Pluggable wire harness structure for brushless motor and motor (無刷電機可插拔線束結構及電機)	Utility model	ZL202420881431.2	Our Company	April 25, 2024	April 4, 2025
12	Anti-detachment end cover structure for hub motor and hub motor (輪轂電機防脱端蓋結構及輪轂電機)	Utility model	ZL202420857126.X	Our Company	April 23, 2024	January 28, 2025
13	End cover sealing structure for brushless motor and motor (無刷電機端蓋密封結構及電機)	Utility model	ZL202420857108.1	Our Company	April 23, 2024	December 24, 2024
14	Wheel-legged seat robot (輪腿座椅機器人)	Utility model	ZL202420778243.7	Our Company	April 15, 2024	December 13, 2024

No.	Patent	Patent type	Patent number	Patentee	Application date	Authorization announcement date
15	Position sensing device for ultra-thin motor (一種超薄電機的位置傳感裝置)	Invention	ZL202410418781.X	Our Company	April 9, 2024	August 2, 2024
16	Three-phase wire PIN winding process method for brushless motor used in automated welding (一種用於自動化焊接的無刷電機三相線纏PIN繞線工藝方法)	Invention	ZL202410418784.3	Our Company	April 9, 2024	September 17, 2024
17	Dual-wheel robot combination mechanism and four-wheel robot (雙輪機器人組合機構及四輪機器人)	Utility model	ZL202420646781.0	Our Company	March 29, 2024	April 4, 2025
18	Integrated drive-control motor (集成式驅控一體化的電機)	Utility model	ZL202323634106.0	Our Company	December 28, 2023	September 3, 2024
19	Outer rotor permanent magnet motor (外轉子永磁電機)	Invention	ZL202311849693.7	Our Company	December 28, 2023	June 17, 2025
20	Distributed winding and magnetic field modulation motor (分布式繞組及磁場調製電機)	Utility model	ZL202323609826.1	Our Company	December 27, 2023	September 3, 2024
21	Magnetizing structure and motor based on Halbach array (基於海爾貝克陣列的充磁結構及電機)	Utility model	ZL202323609783.7	Our Company	December 27, 2023	September 17, 2024
22	Power supply module, battery compartment and robot (供電模組、電池倉和機器人)	Utility model	ZL202323249643.3	Our Company	November 29, 2023	April 4, 2025
23	Electrical connection mechanism and robot (電連接機構及機器人)	Utility model	ZL202321743275.5	Our Company	July 4, 2023	December 15, 2023
24	Robot locking device and robot (機器人鎖止裝置及機器人)	Utility model	ZL202321379424.4	Our Company	May 31, 2023	October 13, 2023
25	Energy storage leg linkage structure and robot (一種儲能腿部連杆結構及機器人)	Invention	ZL202210247827.7	Our Company	March 14, 2022	August 29, 2025
26	Wheel-legged structure and robot using the same (一種輪腿結構及應用其的機器人)	Invention	ZL202110325733.2	Our Company	March 26, 2021	December 24, 2024
27	Modular wheel-legged robot (組合式輪足機器人)	Design	ZL202530068235.3	Our Company	February 17, 2025	November 11, 2025
28	Bidirectional clutch (雙向離合器)	Utility model	ZL202520091875.0	Our Company	January 15, 2025	November 11, 2025
29	Robot docking mechanism and docking robot (機器人對接機構及對接機器人)	Invention	ZL202411092295.X	Our Company	August 9, 2024	November 11, 2025

No.	Patent	Patent type	Patent number	Patentee	Application date	Authorization announcement date
30	Robot docking connector (機器人對接連接器)	Invention	ZL202411092299.8	Our Company	August 9, 2024	November 11, 2025
31	Direct drive motor and intelligent device (一種直驅電機及智能裝置)	Invention	ZL202110565925.0	Our Company	May 24, 2021	February 21, 2023
32	Induction control structure, direct drive motor, and intelligent device (一種感應控制結構及直驅電機和智能裝置)	Utility model	ZL202121123611.7	Our Company	May 24, 2021	December 24, 2021
33	Direct drive electric fan for vacuum cleaner (吸塵器的直驅電風機)	Utility model	ZL202323200153.4	Our Company	November 24, 2023	June 11, 2024
34	Planetary gear motor (行星減速電機)	Utility model	ZL202322832400.6	Our Company	October 20, 2023	September 3, 2024
35	Robot wheel hub motor heat dissipation mechanism (機器人輪轂電機散熱機構)	Utility model	ZL202422515775.4	Our Company	October 17, 2024	August 29, 2025
36	External grating reading structure, motor, and intelligent device (一種外置光柵讀數結構及電機和智能裝置)	Utility model	ZL202123273057.3	Our Company	December 22, 2021	June 14, 2022
37	High-precision position sensing structure, direct drive motor, and intelligent device (一種高精度位置感應結構及直驅電機和智能裝置)	Utility model	ZL202121124323.3	Our Company	May 24, 2021	December 24, 2021
38	Reconfigurable wheel-legged robot (重構型輪足機器人)	Utility model	ZL202421157618.4	Our Company	May 24, 2024	December 24, 2024
39	Motor-driven energy storage structure and robot (一種電機驅動儲能結構及機器人)	Utility model	ZL202220535717.6	Our Company	March 10, 2022	May 16, 2023

(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.	Artistic works: Direct Drive Technology (本末科技)	Our Company	Guozuodengzi（國作登字）-2021-F-00106143	May 14, 2021
2.	Artistic works: Direct Drive Technology (本末科技)	Our Company	Guozuodengzi（國作登字）-2021-F-00106144	May 14, 2021
3.	Graphic d (圖形d)	Our Company	Guozuodengzi（國作登字）-2025-F-00045851	February 17, 2025
4.	Motor (電機)	Our Company	Guozuodengzi（國作登字）-2025-F-00293054	September 30, 2025
5.	Direct Drive Technology-Project Management System (Abbreviation: Project Management System) V1.0 (本末科技—項目管理系統(簡稱：項 目管理系統)V1.0)	Our Company	2022SR1453118	November 2, 2022
6.	Direct Drive Delivery Platform (Abbreviation: Direct Drive Delivery) 1.0 (本末配送平台（簡稱：本末配送）1.0）	Guangdong Direct Drive	2026SR0004049	January 4, 2026
7.	Graphic of the Direct Drive Delivery Mini Program	Guangdong Direct Drive	Guozuodengzi（國作登字）-2025-F-00351916	December 3, 2025

(d) ***Domain Name***

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1.	directdrive.com[(1)]	Our Company	March 13, 2027

Note:

(1) We can pay to renew this domain name and extend its registration period before its expiration date.There are no other conditions or prohibitions that prevent the paid renewal of the domain name.

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or intellectual property rights which we consider to be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) ***Interests of our Directors and chief executive***

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), 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 Director or chief executive	Position	Nature of Interest[1]	Number and description of Shares held	Approximate percentage of shareholding in the total share capital of the Company [2]
Mr. Zhang[3]	Executive Director, chairman of the Board and chief executive officer	Interest in controlled corporation	**[REDACTED]** H Shares	**[REDACTED]**%
Dr. LIU Xuyang[4]	Executive Director and president	Interest in controlled corporation	**[REDACTED]** H Shares	**[REDACTED]**%
Mr. ZHANG Hongbo[5]	Executive Director, chief financial officer, secretary of the Board and joint company secretary	Interest in employee incentive platform	**[REDACTED]** H Shares	**[REDACTED]**%

Notes:

(1) All interests stated are long positions.

(2) The number of Shares is presented based on the assumption that the Share Subdivision is completed. The calculation is based on the total number of 319,588,080 H Shares to be converted from Unlisted Shares in issue and **[REDACTED]** H Shares to be issued under the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(3) By virtue of the SFO, upon completion of the Conversion of Unlisted Shares into H Shares and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Mr. Zhang was deemed to be interested in:

(a) **[REDACTED]** H Shares held by Worang Zhonghe, which was controlled by Mr. Zhang;

(b) **[REDACTED]** H Shares held by Worang Zhongchuang, which was controlled by Juwuxian as its general partner and ultimately controlled by Mr. Zhang; and

(c) **[REDACTED]** H Shares held by Guyuan Investment, which was controlled by Juwuxian as its general partner and ultimately controlled by Mr. Zhang.

(4) By virtue of the SFO, Dr. LIU Xuyang is deemed to be interested in the **[REDACTED]** H Shares held by Worang Zhongchuang, as Zhongchuang No. 3 holds 46.31% partnership interest in Worang Zhongchuang as a limited partner, and Dr. LIU Xuyang holds 56.01% partnership interest in Zhongchuang No. 3 as a limited partner.

(5) The interest comprises **[REDACTED]** H Shares in respect of the **[REDACTED]** options granted to Mr. ZHANG Hongbo under the Employee Stock Ownership Scheme.

(ii) Interest in our associated corporations

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), 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 Shareholders***

Save as disclosed in “Substantial Shareholders” in this document, our Directors and chief executive are not aware of any person (other than a Director or chief executive of our Company) who will, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), 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 our Company or any other member of our Group.

2. Directors’ Service Contracts

We [have entered] into a service contract with each of our Directors. 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.

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)).

3. Directors’ Remuneration

For details of our Directors’ emoluments during the Track Record Period, see note 8 to the Accountants’ Report in Appendix I to this document.

D. EMPLOYEE STOCK OWNERSHIP SCHEME

Our Company adopted the Employee Stock Ownership Scheme in January 2023, and further amended it in 2025. The source of awards granted to eligible grantees pursuant to the Employee Stock Ownership Scheme is the Shares held by Worang Zhongchuang and Guyuan Investment, our employee stock ownership platforms, and no new Shares will be **[REDACTED]** pursuant to the Employee Stock Ownership Scheme. There will not be any dilutive effect to the issued Shares as a result of the operation of the Employee Stock Ownership Scheme. Given the Employee Stock Ownership Scheme does not involve any grant of new Awards (as defined below) after the **[REDACTED]** by our Company, the terms of the Employee Stock Ownership Scheme are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Employee Stock Ownership Scheme are summarized as follows:

(i) Purpose

The purposes of the Employee Stock Ownership Scheme are to establish the benefit-sharing mechanism between our Company, its employees and Shareholders, motivate and retain our Company’s employees, consultants, or other key personnel, and support the achievement of our Company’s strategies and long-term sustainable development.

(ii) Eligible Grantees

The eligible grantees of the Employee Stock Ownership Scheme include (i) employees who have entered into labor contracts or employment agreements (if any) with our Company or its affiliated enterprises ("**Employees**"); (ii) consultants who have entered into consulting service agreements with our Company or its affiliated enterprises ("**Consultants**"); and (iii) key personnel identified by our Company who play an important role or have a significant impact on the operation, management, product R&D, business performance and future development of our Company or its affiliated enterprises ("**Key Personnel**").

(iii) Types of Awards

The types of awards underlying the Employee Stock Ownership Scheme are options and/or restricted shares ("**Awards**").

(iv) Term

The Employee Stock Ownership Scheme is valid for a period of 10 years, commencing from the date on which the Board approved this Employee Stock Ownership Scheme.

(v) Administration

The Employee Stock Ownership Scheme is managed by a committee comprising the chairman of the Board and the representative(s) designated by the Board ("**Management Committee**"). Such Management Committee is responsible for the implementation and administration of the scheme and the management of other related matters of the Employee Stock Ownership Scheme according to the terms of the Employee Stock Ownership Scheme.

(vi) Total Number of Shares

The aggregate number of Shares issued pursuant to the Employee Stock Ownership Scheme is 6,180,003 Shares (or 61,800,030 Shares upon the completion of the Share Subdivision), accounting for approximately **[REDACTED]**% of the total issued share capital of our Company immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(vii) Exercise Price

The exercise price of options and purchase price of restricted shares granted under the Employee Stock Ownership Scheme shall be set forth in their respective grant agreements.

(viii) Details of the Awards granted

As of the Latest Practicable Date, our Company has granted all Awards under the Employee Stock Ownership Scheme to 50 Grantees for an aggregate of 6,180,003 Shares (or 61,800,030 Shares upon the completion of the Share Subdivision), representing approximately **[REDACTED]**% of the total number of Shares in **[REDACTED]** immediately after completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). All the Shares subject to the options and restricted shares have been allotted and issued, and are held by Worang Zhongchuang and Guyuan Investment.

The table below sets forth the details of options and/or restricted shares granted to Directors, senior management members or connected person(s) of our Company under the Employee Stock Ownership Scheme as of the Latest Practicable Date:

Name	Position	Address	Date of grant	Number of Shares underlying the Awards(1)	Exercise Price/ purchase price(1)	Vesting period	Approximate percentage of [REDACTED] Shares upon completion of the [REDACTED]
					(RMB)		
Directors and Senior Management Members							
Mr. ZHANG Di (張笛)	Executive Director, chairman of the Board and chief executive officer	Building H3 Songshan Lake International Innovation and Entrepreneurship Community Boheng Second Road, Dongguan Guangdong PRC	December 31, 2025 December 31, 2025	360,612 options 2,010,403 restricted shares	0.10 0.10	Note 2 Note 3	**[REDACTED]** **[REDACTED]**
Dr. LIU Xuyang (劉許洋)	Executive Director and president	Building H3 Songshan Lake International Innovation and Entrepreneurship Community Boheng Second Road, Dongguan Guangdong PRC	December 31, 2025 November 1, 2024	1,319,446 options 288,772 restricted shares	0.10 0.10	Note 2 Note 4	**[REDACTED]** **[REDACTED]**
Mr. ZHANG Hongbo (張洪波)	Executive Director, chief financial officer, secretary of the Board and joint company secretary	No. 7A, Hepingli Middle Street Dongcheng District Beijing PRC	December 31, 2025	319,588 options	0.10	Note 2	**[REDACTED]**
Connected Person(s)							
Ms. Hu Rong (胡榕)	Director of human resources and supervisor of Dongguan Direct Drive	No. 9 Dongbin Road, Nanshan District, Shenzhen City, Guangdong Province	December 31, 2025 September 1, 2024	47,938 options 7,293 options	0.10 5.67	Note 2 Note 3	**[REDACTED]** **[REDACTED]**
Total				**2,054,878 options** **2,299,175 restricted shares**			**[REDACTED]** **[REDACTED]**

The table below sets out the details of the options granted to other grantees that are not our Director, senior management member or connected person under the Employee Stock Ownership Scheme as of the Latest Practicable Date:

Range of Shares underlying the Options granted[(1)]	Total number of grantees	Date of grant	Exercise Price[(1)]	Vesting period	Number of Shares underlying the Options granted[(1)]	Approximate percentage of issued Shares upon completion of the [REDACTED]
			(RMB)			
1 - 10,000	16	October 9, 2023/ September 1, 2024	nil/2.69/ 5.67	Note 3	88,568	[REDACTED]
10,000 -50,000	12	September 1, 2024/ December 31, 2025	0.10/ 5.67/ 7.87	Note 2/Note 3	301,408	[REDACTED]
50,000 - above	7	September 1, 2024/ December 31, 2025	0.10/ 5.67/ 7.87	Note 2/Note 3	1,030,237	[REDACTED]
Total	**35**				**1,420,213**	[REDACTED]

The table below sets out the details of the restricted shares granted to other grantees that are not our Director, senior management member or connected person under the Employee Stock Ownership Scheme as of the Latest Practicable Date:

Number of grantees	Date of grant	Purchase Price[(1)]	Vesting period	Number of Shares underlying the restricted shares granted[(1)]	Approximate percentage of issued Shares upon completion of the [REDACTED]
		(RMB)			
31	March 1, 2023	2.68	Note 3/Note 4/ Note 5	405,736	[REDACTED]
	January 11, 2024	0.10			
	July 1, 2024	0.61			
	November 18, 2024	31.51			
	March 1, 2025	7.87			
	December 31, 2025	0.10			

Notes:

(1) The number of Shares and the exercise price/purchase price above are presented on a basis prior to the Share Subdivision.

(2) The options shall be vested over a period of four (4) years, with 25% vesting on each anniversary of the last day of the second calendar month following the **[REDACTED]** , provided that the vesting of the third and fourth installments is subject to a performance target.

(3) The options/restricted shares shall be vested over a period of four (4) years, with 25% vesting on each anniversary of the date of grant or other date separately agreed with the relevant employee, provided that the vesting of the third and fourth installments is generally subject to a performance target.

(4) The restricted shares shall be vested upon the date of grant.

(5) The restricted shares shall be vested upon the third anniversary of the date of grant.

E. OTHER INFORMATION

1. 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.

2. 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.

3. Sole Sponsor

The Sole Sponsor has made an **[REDACTED]** on our behalf to the **[REDACTED]** 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 sponsor set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$800,000 for acting as a sponsor for the **[REDACTED]**.

4. 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 June 30, 2026 (being the date to which the latest consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
CITIC Securities (Hong Kong) Limited	Licensed corporation to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Han Kun Law Offices	Legal advisor to our Company as to PRC law and PRC data compliance law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

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 **[REDACTED]** 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.

6. Promoter

The promoters of our Company comprised all of the 29 then shareholders of our Company immediately before our conversion into a joint stock company with limited liability. 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 proposed to be paid, allotted or given to any promoter in connection with the **[REDACTED]** and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses.

8. Binding Effect

This document shall have the effect, where an **[REDACTED]** 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.

9. 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 **[REDACTED]** from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no **[REDACTED]**, **[REDACTED]**, **[REDACTED]** or other special terms have been granted in connection with the **[REDACTED]** or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "—E. Other Information—5. 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 **[REDACTED]** or is proposed to be **[REDACTED]** for cash or **[REDACTED]** as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "—E. Other Information—5. 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 **[REDACTED]** (but not including **[REDACTED]** to **[REDACTED]**) have been paid or payable for **[REDACTED]** or agreeing to **[REDACTED]**, or procuring or agreeing to procure **[REDACTED]**, 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 contracts referred to in "Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in "Statutory and General Information—E. Other Information—5. Qualification and Consent of Experts" in Appendix VI 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.directdrive.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report for the Track Record Period issued by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026;

(d) the report on the unaudited **[REDACTED]** financial information of our Group issued by Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the material contracts referred to in "Statutory and General Information—B. Further Information about our Business—1. Summary of Material Contracts" in Appendix VI to this document;

(f) the service contracts referred to in "Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—2. Directors' Service Contracts" in Appendix VI to this document;

(g) the written consents referred to in "Statutory and General Information—E. Other Information—5. Qualification and Consent of Experts" in Appendix VI to this document;

(h) the legal opinions issued by Han Kun Law Offices, our PRC Legal Advisor, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC laws;

(i) the legal memorandum issued by Han Kun Law Offices, our PRC data compliance legal advisor, in respect of, among other things, certain data protection, data compliance and cybersecurity matters of our Group under the PRC laws;

(j) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. referred to in "Industry Overview";

(k) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures, together with unofficial English translations thereof; and

(l) the terms of the Employee Stock Ownership Scheme.