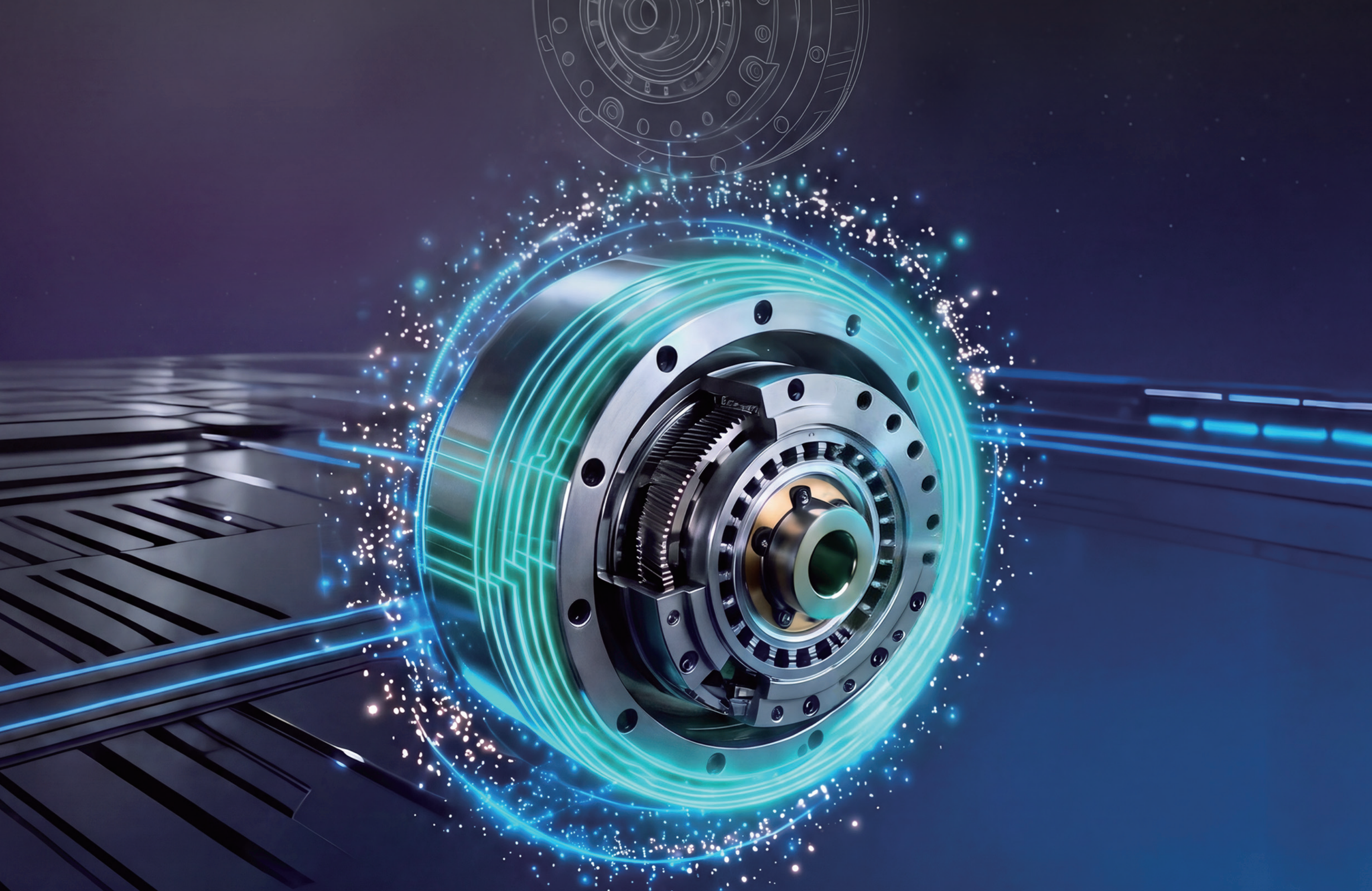
Laifual Drive

浙江來福諧波傳動股份有限公司

Zhejiang Laifual Drive Co., Ltd.

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

Stock Code : 3952



GLOBAL OFFERING

Sole Sponsor, Sponsor-Overall Coordinator, Sole Global Coordinator,
Sole Bookrunner and Sole Lead Manager

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IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Total number of Offer Shares under the Global Offering	:	**13,441,900 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**672,100 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**12,769,800 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$85.50 per H Share, 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 and subject to refund on final pricing)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**3952**

Sole Sponsor, Sponsor-Overall Coordinator, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

招銀国际
CMB INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above. The Offer Price is expected to be fixed by agreement between the Sponsor-Overall Coordinator, on behalf of the Underwriters, and our Company on or about Friday, June 26, 2026 or such later time as may be agreed between the parties, but in any event, no later than 12:00 noon on Friday, June 26, 2026. If, for any reason, the Sponsor-Overall Coordinator, on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by 12:00 noon on Friday, June 26, 2026, the Global Offering will not become unconditional and will lapse immediately.

The Sponsor-Overall Coordinator, on behalf of the Underwriters, may, with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus (being HK$77.00 per H Share to HK$85.50 per H Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.laifual.com as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sponsor-Overall Coordinator on behalf of the Hong Kong Underwriter, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulation S.

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. Investors should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their investment decisions.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.laifual.com.

If you require a printed copy of this prospectus, you may download and print from the website addresses above.

June 22, 2026

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.laifual.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply through the **HKSCC EIPO** channel by instructing your broker or custodian who is a HKSCC Participant to apply on your behalf through HKSCC's FINI system.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed Prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

See "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		HK$		HK$		HK$
100	8,636.22	2,000	172,724.54	10,000	863,622.68	200,000	17,272,453.50
200	17,272.46	2,500	215,905.67	20,000	1,727,245.36	250,000	21,590,566.88
300	25,908.68	3,000	259,086.80	30,000	2,590,868.03	300,000	25,908,680.26
400	34,544.90	3,500	302,267.94	40,000	3,454,490.70	336,000(1)	29,017,721.88
500	43,181.13	4,000	345,449.06	50,000	4,318,113.38		
600	51,817.37	4,500	388,630.21	60,000	5,181,736.06		
700	60,453.59	5,000	431,811.33	70,000	6,045,358.73		
800	69,089.81	6,000	518,173.60	80,000	6,908,981.40		
900	77,726.05	7,000	604,535.88	90,000	7,772,604.08		
1,000	86,362.27	8,000	690,898.15	100,000	8,636,226.76		
1,500	129,543.40	9,000	777,260.41	150,000	12,954,340.13		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at **www.laifual.com** and the website of the Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences . . . . 9:00 a.m. on Monday, June 22, 2026

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2] . . . . 11:30 a.m. on Thursday, June 25, 2026

Application lists open[3] . . . . 11:45 a.m. on Thursday, June 25, 2026

Latest time to (a) complete payment of **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) and (b) give **electronic application instructions** to HKSCC[4] . . . . 12:00 noon on Thursday, June 25, 2026

If you are instructing your broker or custodian who is a HKSCC Participant will submit an electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions as this may vary by broker or custodian.

Application lists close[3] . . . . 12:00 noon on Thursday, June 25, 2026

Expected Price Determination Date . . . . by 12:00 noon on Friday, June 26, 2026

Announcement of the Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering; and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.laifual.com**[5] . . . . no later than 11:00 p.m. on Monday, June 29, 2026

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.laifual.com** and **www.hkexnews.hk**, respectively[7][8] . . . . no later than 11:00 p.m. on Monday, June 29, 2026

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/IPOResult**) with a "search by ID" function on a 24-hour basis from[7][8] . . . . 11:00 p.m. on Monday, June 29, 2026 to 12:00 midnight on Sunday, July 5, 2026

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from[7][8] . . . . Tuesday, June 30, 2026 to Monday, July 6, 2026 (except Saturday, Sunday and public holidays in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6] . . . . Monday, June 29, 2026

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of (i) wholly or partially successful applications if the final Offer Price per Offer Share is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) and (ii) wholly or partially unsuccessful applications to be dispatched on or before[8] . . . . Tuesday, June 30, 2026

Dealings in H Shares on the Stock Exchange expected to commence at . . . . 9:00 a.m. on Tuesday, June 30, 2026

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 25, 2026, the application lists will not open or close on that day. For details, please refer to the paragraph headed "How to Apply for Hong Kong Offer Shares—E. Bad Weather Arrangements" in this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by instructing their broker or custodian to give **electronic application instructions** to HKSCC via FINI should refer to the paragraph headed "How to Apply for Hong Kong Offer Shares—A. Application for Hong Kong Offer Shares—2. Application Channels" in this Prospectus.

(5) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(6) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(7) **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's identification document number provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document number before encashment of the refund check. Inaccurate completion of an applicant's identification document number may invalidate or delay encashment of the refund check.

(8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the paragraph headed "How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this Prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Any uncollected H Share certificates will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the paragraphs headed "How to Apply for the Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such case, the Company will make an announcement as soon as practicable thereafter.

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under applicable securities laws of such jurisdictions pursuant to registration with, or authorization by, the relevant securities regulatory authorities or an exemption therefrom.

*You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, any of the Underwriters, any of our or their respective directors, officers, representatives, or affiliates, or any other person or party involved in the Global Offering. Information contained in our website, located at **www.laifual.com**, does not form part of this prospectus.*

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. In particular, we are a specialist technology company seeking to list 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 investing in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had net cash used in 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 investment decision should be made in light of these considerations.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

OVERVIEW

Who We Are

We are a provider of core components for robotic precision transmission in China. We offer a product portfolio spanning from harmonic reducers, joint modules and robotic arms to automated workstations. Our products enable applications primarily of humanoid robots and industrial robots. Our strength stems from our expertise in harmonic reducers, a type of technical component in precision transmission solutions, and is underpinned by our in-house R&D capabilities. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source.

We have established technology advantages through years of operation. Specifically, our harmonic reducers achieved positioning precision of ±15 arcseconds with service life exceeding 10,000 hours in 2025. We have built core competencies in product design, electric actuation and drive, and production technologies, enabling us to serve various precision transmission applications in welding, handling, spraying, assembly and sorting. Our products have achieved recognition within the industry for performance and are now being primarily delivered to domestic customers, and to a much lesser extent, international markets, including Europe, the United States, Japan and Korea. We are evolving from a provider in harmonic reducers to a provider of precision transmission solutions, extending the application of our technology to a broader market.

Our Product Portfolio

Harmonic reducers are core components of robots, widely adapted for multi-joint humanoid robots and industrial robots. We commenced our business of harmonic reducers in 2015. Harmonic reducers are also used for precision transmission control in automated production lines. Meanwhile, they further represent a key gateway to the humanoid robot value chain. Currently, no established humanoid robot enterprise has achieved independent design and mass production capabilities for harmonic reducers, according to the CIC Report. Capitalizing on our proven product performance, we are deeply embedded in the humanoid robot supply chain, meeting power transmission demands for core components such as joints and robotic arms, while accurately seizing industry opportunities. By adopting our independently designed tooth profile structures and material processes, we have achieved low-cost and high-efficiency production. We maintain in-house production for key production processes including primarily heat treatment, precision machining, and gear machining, supporting consistent quality and stable delivery schedules.

Joint modules and robotic arms integrate core components such as harmonic reducers, motors and encoders, and are designed for scenarios that require high integration efficiency. Our joint modules improve torque-to-weight performance and meet the lightweight requirements of battery-powered robotic arms with payload classes ranging from three kg to 20 kg, enabling broader downstream applications and access to new customer groups. Our low-voltage joint modules offer a plug-and-play solution for robotic arms on automated lines, allowing customers to deploy flexible workstations quickly. We also deliver collaborative robotic arms to satisfy customer demand, broadening our revenue channels.

Our automated workstations are workstation-based production lines that integrate robots with conventional machine tools to support flexible manufacturing and line upgrades. Designed for small-batch, multi-variety production, we deliver automated workstation-based production lines that integrate our proprietary robotic arms, control software and sensing modules. These lines enable high-precision material handling, providing our customers with one-stop production line automation upgrades. Drawing on flexible manufacturing know-how accumulated in our harmonic reducer production, our automated workstations shorten deployment cycles, improve reliability.

We have adopted a transaction-based model for the sales of our harmonic reducer, joint modules and robotic arms and automated workstations. The following table sets forth a breakdown of our sales volume and average selling price (ASP) by product category for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Units for sales volume; RMB per unit for ASP)					
Harmonic reducers	115,315	795	142,794	722	291,515	571
Joint modules	451	2,010	1,181	2,432	6,246	7,074
Robotic arms	–	–	–	–	639	38,035
Automated workstations	–	–	–	–	56	436,852

Harmonic reducers. The average selling price of our harmonic reducers decreased from RMB795 in 2023 to RMB722 in 2024, primarily due to (1) a higher proportion of sales of small size harmonic reducers, which have relatively lower prices due to their lower material consumption and shorter manufacturing cycles, resulting in lower costs and therefore lower prices, driven by growing demand for humanoid robotics; and (2) our strategic price adjustments for our harmonic reducers to gain a greater market share. The average selling price of our harmonic reducers further decreased to RMB571 in 2025, primarily due to the increase in the proportion of small-sized harmonic reducers sold, driven by the continued growth in the downstream demand for humanoid robots. The proportion of small size harmonic reducers in our total sales volume of harmonic reducers increased from 1.0% in 2023 to 2.4% in 2024, and further to 11.0% in 2025. The average selling price of our small size harmonic reducers decreased from RMB634 in 2023 to RMB594 in 2024, and further decreased to RMB397 in 2025. See "Business—Our Products."

Joint modules. The average selling price of our joint modules increased from RMB2,010 in 2023 to RMB2,432 in 2024, primarily due to the launch of low-voltage joint modules in 2024. Our low-voltage joint modules include additional structural components such as drivers and braking systems compared to high-voltage joint modules, resulting in higher costs. The average selling price of our joint modules further increased to RMB7,074 in 2025, primarily due to higher costs driven by additional components added to some of our joint modules based on customer requirements, such as housings and water-resistant cables.

OUR OPERATIONAL AND FINANCIAL PERFORMANCE

During the Track Record Period, we achieved growth. Since our inception and up to December 31, 2025, we had sold over 870,000 units of harmonic reducers. In 2023, 2024 and 2025, our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million, respectively. In the same periods, we recorded gross profit of RMB27.9 million, RMB25.9 million and RMB66.9 million, respectively, representing gross profit margin of 29.5%, 24.1% and 25.6%, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (1) robotic precision transmission core components provider in China with early-mover advantages, (2) technological capabilities to meet downstream demands of humanoid robots and industrial robots, (3) product matrix with harmonic reducers of various configurations, (4) ongoing capacity expansion and delivery capabilities and experience, (5) business experience and downstream customer resources, and (6) seasoned management team and R&D team. See "Business—Our Competitive Strengths."

OUR GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business: (1) expand production capacity to meet explosive downstream demands, (2) continuously enhance technological capabilities and enrich product portfolio, (3) deepen partnerships with core customer, broaden customer base and expand global reach, and (4) selectively pursue strategic collaboration, investment and acquisition opportunities. See "Business—Our Growth Strategies."

PATH TO PROFITABILITY

Despite our rapid revenue growth, we recorded net loss during the Track Record Period. We recorded loss for the year of RMB168.8 million, RMB168.8 million and RMB170.6 million in 2023, 2024 and 2025, respectively. Our net loss during the Track Record Period was primarily due to the combined effects including (1) the downstream markets of our products remained in a growth stage with demand being released gradually; (2) in anticipation of the growing market demand, we made early investments in production capacity, resulting in higher costs such as depreciation and manufacturing overhead costs; (3) our significant R&D efforts, which led to research and development expenses of RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025, respectively, representing 33.5%, 30.9% and 18.9% of our revenue in the same respective periods; and (4) the change in the carrying amount of redemption liabilities of RMB145.1 million in 2023, 2024 and 2025, respectively.

To achieve profitability and improve net operating cash inflow, we plan to: (1) drive revenue growth by (i) capturing industry tailwinds, (ii) diversifying our product portfolio, (iii) increasing production capacity, and (iv) better fulfilling customer orders; (2) improve our gross margin through (i) achieving economies of scale as our business expands, (ii) continual optimization of production processes, and (iii) strengthening our supply chain; and (3) enhance overall operational efficiency. These planned initiatives are closely aligned with our growth strategies and our future plans and use of proceeds. See "Business—Path to Profitability."

RESEARCH AND DEVELOPMENT

We have established our market presence through technological excellence and industry recognition. Underpinning our competitiveness is a coherent set of core technologies that enables us to design, industrialize and scale precision transmission solutions with stable performance, predictable quality and disciplined cost. See "Business—Our Technologies." Through years of R&D efforts, we have built expertise in the field of robotic precision transmission solutions, especially harmonic reducers, and have also developed strong capabilities in the processing and manufacturing of motors and other related components. We continuously expand our product portfolio, updating existing products and introducing cost-effective new products to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry. See "Business—Research and Development."

SPECIALIST TECHNOLOGY INDUSTRY

Our industry consultant, CIC, confirms and our Directors are of the view, each of our products falls within an acceptable sector of a Specialist Technology Industry, namely, Robot Technology of Robotics and Automation under Advanced Hardware and Software, as defined under Chapter 18C of the Listing Rules on the following basis: (1) our harmonic reducers are primarily used in and are essential components for the operation of humanoid robots and industrial robots, and thus fall within the definition of robot technology under Robotics and Automation; (2) our joint modules and robotic arms enable versatile functional support primarily for humanoid robots and industrial robots, and thus fall within the definition of robot technology under Robotics and Automation; and (3) our automated workstations focus on supporting production line upgrades within industrial automation. It integrates robotic systems with traditional machine tools in a workstation format, and thus fall within the definition of robot technology under Robotics and Automation. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules. See "Business—Commercialization."

OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers during the Track Record Period primarily include direct sales customers in the fields of humanoid robots, industrial robots and other automation equipment, as well as distributors. The downstream customers of our major distributors primarily include companies in the fields of machine tools, industrial robots and palletizing robots. In 2023, 2024 and 2025, revenue generated from our top five customers for each year during the Track Record Period accounted for 29.3%, 37.7% and 42.3% of our total revenue of such period, respectively, and revenue generated from our largest customer for each year during the Track Record Period accounted for 8.4%, 10.9% and 12.1% of our total revenue in the same periods, respectively. We typically settle payments with our top five customers by bank transfer and bank acceptance bills. All of our top five customers in each year during the Track Record Period were located in China. See "Business—Customers."

Our Suppliers

Our suppliers primarily consist of (1) providers of raw materials, such as steels, alloys, components and bearings for the production of our products; and (2) suppliers offering forging and turning services for parts and components; and (3) suppliers of manufacturing equipment. In 2023, 2024 and 2025, purchases from our top five suppliers for each year during the Track Record Period accounted for 29.4%, 28.4% and 30.5% of our total purchase amount of such period, respectively, and the purchase from our largest supplier for each year during the Track Record Period accounted for 10.8%, 9.6% and 11.8% of our total purchase amount in the same periods, respectively. We typically settle payments with our top five suppliers by bank transfer and bank acceptance bill. See "Business—Suppliers."

PRODUCTION

During the Track Record Period, we manufactured and produced our harmonic reducers and other precision components, joint modules and robotic arms products and automated workstations through our production facilities in Shaoxing, Zhejiang Province. Prior to the establishment of our production facility in 2025, we started self-production in 2013 in leased facilities in Shaoxing. Our production facility in Shaoxing, Zhejiang Province commenced operation in August 2025. In 2023, 2024 and 2025, our designed production capacity for the production of harmonic reducers in our leased production facility in Shaoxing was 161.3 thousand units, 167.0 thousand units and 145.9 thousand units, respectively, and our designed production capacity for the production of harmonic reducers in our Shaoxing production facility was 176.4 thousand units in 2025. We stopped our production of harmonic reducers, joint modules and robotic arms and automated workstations in the leased production facility in Shaoxing in July 2025. As of the Latest Practicable Date, we continued to collaborate with a number of manufacturing partners mainly for the production of certain production processes, such as forging and turning services for parts and components, while the remainder of the production process were primarily completed by our own production facility. For more details of our designed production capacity, actual production volume and utilization rate of our production facilities during the Track Record Period, see "Business—Production."

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. As of the Latest Practicable Date, we had 81 granted patents in China, including 52 invention patents, 26 utility model patents and three design patents, and filed 33 patent applications which were pending approval. As of the same date, we had 26 registered trademarks. Our Directors confirm that there was no instances of infringement of third parties' intellectual property rights, material disputes or any other pending material legal proceedings related to intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date. For examples of patents held by us in connection with our core technologies which we consider to be material to our business, see "Business—Intellectual Property Rights."

RISK FACTORS

Our business and operations involve certain risks and uncertainties including those set out in the "Risk Factors" section in this prospectus. Some of the major risk factors that we face include: (1) uncertainties in the growth of the size of our addressable markets and the demand for our products; (2) failure to compete with our competitors; (3) failure to timely introduce new products to adapt to customers' needs; (4) unsuccessful execution of our growth strategies; (5) failure to retain existing customers or attract new customers; (6) failure to maintain relationship with our distributors and to manage our distribution network; (7) failure to enhance our brand recognition and sales and marketing capabilities; and (8) exposure to infringement or misappropriation claims by or disputes in relation to our IP with third parties. As different investors may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to invest in our Shares.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our historical financial information as of and for the years ended December 31, 2023, 2024 and 2025, extracted from the Accountants' Report set out in Appendix I to this prospectus. The summary below should be read in conjunction with the consolidated financial information in Appendix I, including the accompanying notes and the information set forth in the section headed "Financial Information" in this prospectus. Our consolidated financial information was prepared in accordance with the IFRS Accounting Standards.

Summary of Consolidated Statement of Profit or Loss

The following table sets forth selected items from our consolidated statements of profit or loss for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)					
Revenue	94,545	100.0	107,714	100.0	260,867	100.0
Cost of sales	(66,688)	(70.5)	(81,787)	(75.9)	(194,004)	(74.4)
Gross profit	**27,857**	**29.5**	**25,927**	**24.1**	**66,863**	**25.6**
Loss before taxation	**(168,785)**	**(178.5)**	**(168,776)**	**(156.7)**	**(170,609)**	**(65.4)**
Income tax	–	–	–	–	–	–
Loss for the year	**(168,785)**	**(178.5)**	**(168,776)**	**(156.7)**	**(170,609)**	**(65.4)**

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with the IFRS Accounting Standards, we also use adjusted net loss (non-IFRS measure) and EBITDA (non-IFRS measure)/adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) and EBITDA (non-IFRS measure)/adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for (1) listing expenses, as such expenses are related to the Global Offering, (2) change in the carrying amount of redemption liabilities, as the redemption liabilities will be converted into equity of our Company upon Listing, and (3) equity-settled share-based payments expenses which are non-cash expenses arising from the share incentives that we grant to employees. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year which is presented in accordance with the IFRS Accounting Standards.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	**(168,785)**	**(168,776)**	**(170,609)**
Add: Listing expenses	–	–	13,436
Add: Change in the carrying amount of redemption liabilities	145,050	145,050	145,050
Add: Equity-settled share-based payment expenses	–	–	3,222
Adjusted net loss (non-IFRS measure)	**(23,735)**	**(23,726)**	**(8,901)**

We define EBITDA (non-IFRS measure) as net loss for the year adjusted by adding (1) finance costs; (2) depreciation charge; and (3) amortization cost of intangible assets, and subtracting interest income on deposits. We add back (1) listing expenses, (2) change in the carrying amount of redemption liabilities, and (3) equity-settled share-based payments expenses to EBITDA (non-IFRS measure) to derive adjusted EBITDA (non-IFRS measure). The following table reconciles EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to our net loss for the year presented in accordance with IFRS Accounting Standards for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Reconciliation of loss for the year to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)			
Loss for the year	(168,785)	(168,776)	(170,609)
Add:			
– Finance costs	855	787	2,050
– Depreciation charge of property, plant and equipment and right-of-use assets	21,162	21,662	23,530
– Amortization cost of intangible assets	1,417	1,503	1,646
Less:			
– Interest income on deposits	(3,981)	(3,249)	(1,455)
EBITDA (non-IFRS measure)	(149,332)	(148,073)	(144,838)
Add:			
– Listing expenses	–	–	13,436
– Change in the carrying amount of redemption liabilities	145,050	145,050	145,050
– Equity-settled share-based payments expenses	–	–	3,222
Adjusted EBITDA (non-IFRS measure)	**(4,282)**	**(3,203)**	**16,870**

Our net loss during the Track Record Period was primarily a result of the combination of the following factors: (1) the downstream markets of our products remained in a growth stage with demand being released gradually; (2) in anticipation of the growing market demand, we made early investments in production capacity, resulting in higher costs such as depreciation and manufacturing overhead costs; (3) our significant R&D efforts, which led to research and development expenses of RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025, respectively; and (4) the change in the carrying amount of redemption liabilities of RMB145.1 million in 2023, 2024 and 2025, respectively.

Revenue

During the Track Record Period, we primarily generated revenue from the sales of (1) harmonic reducers and other precision components; (2) joint modules; (3) automated workstations; and (4) robotic arms. See "Business—Our Products." In 2023, 2024 and 2025, our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million, respectively. The following table sets forth a breakdown of our revenue by product type for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Harmonic reducers and other precision components[1]	92,498	97.8	103,406	96.0	167,143	64.1
– Harmonic reducers	91,620	96.9	103,088	95.7	166,529	63.9
– Other precision components	878	0.9	318	0.3	615	0.2
Joint modules and robotic arms	907	1.0	2,873	2.7	68,491	26.2
– Joint modules	907	1.0	2,873	2.7	44,187	16.9
– Robotic arms	–	–	–	–	24,304	9.3
Automated workstations	–	–	–	–	24,464	9.4
Others[2]	1,140	1.2	1,435	1.3	769	0.3
Total	**94,545**	**100.0**	**107,714**	**100.0**	**260,867**	**100.0**

(1) Other precision components primarily include bearings and flanges. Such precision components constitute essential and functionally interdependent parts required for the physical integration and operational performance of harmonic reducers. We only provide such precision components as accessories for specific harmonic reducer orders to meet custom installation needs. We do not offer them as separate product lines or sell them on their own. Based on the foregoing, we group harmonic reducers together with such precision components.

(2) Others primarily represent the provision of heat treatment services, which refers to a metal thermal process within our production cycle. For details, see "Business—Production—Production Process." We provide such services to third parties primarily to utilize our spare heat treatment processing capacity.

Driven by growing demand for humanoid robots, our revenue from small-sized harmonic reducers was RMB0.7 million, RMB2.0 million and RMB12.7 million in 2023, 2024 and 2025, respectively, representing 0.8%, 2.0% and 7.6% of our total revenue from harmonic reducers for the same periods, respectively. See "Business—Our Products."

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB27.9 million, RMB25.9 million and RMB66.9 million, respectively, representing gross profit margin of 29.5%, 24.1% and 25.6%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB)	(%)	(RMB)	(%)	(RMB)	(%)
	(RMB in thousands, except for percentages)					
Harmonic reducers and other precision components[1]	27,632	29.9	25,530	24.7	41,047	24.6
Joint modules and robotic arms[2]	(595)	(65.7)	124	4.3	17,494	25.5
Automated workstations	–	–	–	–	8,050	32.9
Others[3]	820	71.9	273	19.0	272	35.3
Total	**27,857**	**29.5**	**25,927**	**24.1**	**66,863**	**25.6**

(1) Other precision components primarily include bearings and flanges.

(2) We incurred gross loss and gross loss margin for our joint modules and robotic arms in 2023, mainly because we incurred substantial cost and expenditure such as modeling at the early stage of our product manufacturing.

(3) Others primarily represent the provision of heat treatment services.

Our gross profit margin decreased from 29.5% in 2023 to 24.1% in 2024, primarily due to the decrease in the gross profit margin of our harmonic reducers and other precision components. Such decrease was primarily due to (1) our hiring of more production personnel in anticipation of downstream growing demand, and (2) our strategic price adjustments for our harmonic reducers to gain a greater market share. Our gross profit margin increased from 24.1% in 2024 to 25.6% in 2025, primarily due to the increase in the gross profit margin of our joint modules and robotic arms, mainly driven by the increased sales volumes of our joint modules and robotic arms, resulting in improved unit costs efficiencies. See "Financial Information—Period to Period Comparison of Results of Operations."

Cost of Sales

In 2023, 2024 and 2025, our cost of sales was RMB66.7 million, RMB81.8 million and RMB194.0 million, respectively, representing 70.5%, 75.9% and 74.4% of our revenue for the same periods, respectively. Our cost of sales primarily consists of (1) cost of materials, mainly including steels, bearings and machined parts; (2) manufacturing overhead costs, primarily including consumables, utilities, equipment maintenance expenses and depreciation; (3) labor costs, mainly representing salaries, bonuses and other benefits for our production personnel; and (4) outsourced costs, mainly representing external processing fees. For details, see "Financial Information—Key Components of Our Consolidated Income Statements—Cost of Sales."

Summary of Consolidated Statements of Balance Sheet

The following table sets forth a summary of our consolidated balance sheet as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Total non-current assets	**161,190**	**235,987**	**296,810**
Total current assets	**316,822**	**261,029**	**425,234**
Total current liabilities	**959,577**	**1,147,753**	**1,427,027**
Net current liabilities	**(642,755)**	**(886,724)**	**(1,001,793)**
Total assets less current liabilities	**(481,565)**	**(650,737)**	**(704,983)**
Total non-current liabilities	**20,377**	**19,981**	**115,648**
Net liabilities	**(501,942)**	**(670,718)**	**(820,631)**

Our net current liabilities increased from RMB642.8 million as of December 31, 2023 to RMB886.7 million as of December 31, 2024, primarily due to (1) the increase in redemption liabilities, and (2) the decrease in cash and cash equivalents. Our net current liabilities increased from RMB886.7 million as of December 31, 2024 to RMB1,001.8 million as of December 31, 2025, primarily due to (1) the increase in redemption liabilities, (2) the increase in trade and other payables, and (3) the increase in interest-bearing borrowings partially offset by the increase in trade and other receivables.

Our net liabilities increased from RMB501.9 million as of December 31, 2023 to RMB670.7 million as of December 31, 2024, primarily due to an addition to our loss for the year of RMB168.8 million mainly representing our operating losses. Our net liabilities then increased to RMB820.6 million, primarily due to an addition to our loss for the year of RMB170.6 million mainly representing our operating losses, partially offset by capital injections of RMB17.5 million. We expect to achieve a net assets position upon the Listing, as the redemption liabilities will be derecognized from liabilities and recognized in equity upon the Listing. See "Financial Information—Discussion of Certain Balance Sheet Items."

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash used in operating activities	(35,229)	(33,693)	(63,411)
Net cash generated from/(used in) investing activities	9,835	(78,096)	(152,215)
Net cash generated from financing activities	15,343	35,112	178,620
Cash and cash equivalent at January 1	157,480	147,413	70,761
Effect of foreign exchange rate changes	(16)	25	(2)
Cash and cash equivalent at December 31	147,413	70,761	33,753

Our net cash used in operating activities decreased from RMB35.2 million in 2023 to RMB33.7 million in 2024, primarily due to an increase in contract liabilities and trade and other payables, primarily due to our enhanced bargaining power with our suppliers along with our expanded business scale and increased procurement over the same periods, partially offset by increase in inventories, primarily due to our expanded scale of business operations and sales. Our net cash used in operating activities increased significantly from RMB33.7 million in 2024 to RMB63.4 million in 2025, primarily due to an increase in trade and other receivables, which was generally in line with our increase in revenue over the same period, partially offset by an increase in contract liabilities and trade and other payables, primarily due to our enhanced bargaining power with our suppliers along with our expanded business scale and increased procurement over the same periods, in line with our sales growth. See "Financial Information—Liquidity and Capital Resources—Cash Flows."

Long cash conversion cycle and cashflow mismatch

We have a relatively long cash conversion cycle. Our cash conversion cycle, calculated as inventory turnover days in each year plus the trade receivable turnover days in the respective period minus the trade payables turnover days in the respective period, was 528 days, 538 days and 325 days in 2023, 2024 and 2025, respectively, which was largely driven by (1) our inventory turnover days at 376 days, 355 days and 184 days for the same periods, respectively; and (2) trade receivables turnover days at 201 days, 246 days and 207 days for the same periods, respectively. During the Track Record Period, we had relatively high inventory turnover days, primarily due to (1) our vertically integrated production model; and (2) our wide range of product specifications and certain customized product offerings. According to the CIC Report, it is an industry norm for manufacturers in the harmonic reducer industry to have relatively long inventory turnover days due to the inherently lengthy production cycle from order placement to actual production. During the Track Record Period, our trade receivables turnover days remained relatively long primarily because (1) we generally grant a credit period of up to 180 days to our major customers; and (2) we provide further credit flexibility to customers with proven creditworthiness and substantial procurement scales. Our trade payable turnover days were 49 days, 63 days and 66 days in 2023, 2024 and 2025, respectively. The gap between the trade receivables turnover days and trade payable turnover days may result in cashflow mismatch. For details, see "Financial Information—Discussion of Certain Balance Sheet Items—Inventories," "Financial Information—Discussion of Certain Balance Sheet Items—Trade and Other Receivables" and "Financial Information—Discussion of Certain Balance Sheet Items—Trade and Other Payables."

Against the background of long cash conversion cycle and the mismatch of the cash receipts from trade receivables and payments for trade payables during the Track Record Period, we recorded net operating cash outflows throughout the Track Record Period. Going forward, we will continue to implement inventory management measures to enhance inventory turnover and working capital status. In addition, as our market position strengthens, we expect our bargaining power along the supply chain to increase, which would in turn improve our cash conversion cycle. For details, see "Financial Information—Discussion of Certain Balance Sheet Items."

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Revenue growth rate(1)	N/A	13.9%	142.2%
Gross profit margin	29.5%	24.1%	25.6%
Current ratio(2)	0.3	0.2	0.3
Quick ratio(3)	0.3	0.2	0.2
Annual research and development expenditure ratio(4)	56.5%	59.6%	55.7%
Gearing ratio(5)	(188.1)%	(165.2)%	(171.2)%

(1) Revenue growth rate equals revenue growth divided by revenue for the previous year.

(2) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

(3) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.
(4) Calculated by dividing annual research and development expenditure (being our research and development expenses adjusted for intangible assets related to research and development patent acquired from third parties and amortization expense of acquired intangible assets included in research and development expenditure) by annual total operating expenditure (being our total operating expenses adjusted for intangible assets related to research and development patent acquired from third parties and amortization expense of acquired intangible assets included in research and development expenditure).
(5) The calculation of gearing ratio is based on our debt (being our interest-bearing borrowings, lease liabilities and redemption liabilities) divided by our total deficit as of the respective dates and multiplied by 100%.

See "Financial Information—Key Financial Ratios."

CASH BURN RATE

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) cash used in payments for purchase of property, plant and equipment, and intangible assets, (3) capital element of lease rentals paid, and (4) interest element of lease rentals paid. Our historical cash burn rate was RMB15.5 million for the year ended December 31, 2025. As of April 30, 2026, we had cash and cash equivalents and financial assets measured at fair value through profit and loss ("FVPL") of RMB22.5 million and RMB37.2 million, respectively. As of April 30, 2026, our committed but unutilized bank facilities was RMB271.8 million. We estimate that we will receive net proceeds of approximately HK$949.1 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$77.00 per Offer Share, being the low-point of the indicative Offer Price range in this Prospectus. Backed by our gradually achieved economies of scale, ongoing cost control measures, improving operating leverage and improving cash management, we expect to achieve greater cost efficiency as our business scale continues to ramp up with our operating expenses under control. Assuming that the average cash burn rate going forward will be RMB17.9 million, representing approximately 1.15 times the cash burn rate level for the year ended December 31, 2025, which reflects our investment in production capacity expansion in 2025 and the continuous expansion in 2026, based on the underlying assumptions that (1) the number of our employees will not increase significantly; (2) we do not expect substantial capital investment beyond our plan; and (3) we do not expect significant acquisitions or investment, we estimate that our cash and cash equivalents and financial assets measured at FVPL, and bank facilities available for use as of April 30, 2026 will be able to maintain our financial viability for approximately 19 months or, if we take into account 10.0% of the estimated net proceeds from the Listing (namely, the portion allocated for our working capital and other general corporate purposes), approximately 23 months or, if we also take into account the estimated net proceeds from the Listing apart from the portion being allocated to the use for strategic investment or acquisition, 60 months. See "Financial Information—Liquidity and Capital Resources" for details.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
		(RMB in thousands) (Unaudited)	
Research and development expenses	18,266	9,930	23,333
Workforce employment	52,895	59,886	68,177
Direct production costs	44,563	41,040	120,167
Product marketing	3,022	2,809	4,524
Non-income taxes and surcharge	115	256	3,056

Our future cash operating costs will continue to primarily relate to direct production costs and workforce employment. We anticipate an increase in such costs in line with the expected growth in sales volume of our harmonic reducers, joint modules and robotic arms, and automation solutions, driven by customer demand and our enhanced market recognition for our products. We do not, however, expect any material increase in overall costs or expenses relative to our revenue growth in 2026. See "Financial Information—Cash Operating Costs."

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang collectively controlled 32.67% of the voting power at the general meetings of our Company, comprising (i) 4.13% beneficially owned by Mr. Zhang directly, (ii) 23.45% and 5.09% held through Laifu Investment and Jieyang Information, respectively, where Mr. Zhang acts as the general partner. Upon the Listing, Mr. Zhang will collectively control 28.42% of the voting power at the general meetings of our Company through the aforementioned interests and voting arrangements. Therefore, Mr. Zhang, together with Laifu Investment and Jieyang Information, will be our Single Largest Group of Shareholders upon the Listing pursuant to the Listing Rules. See "Relationship with our Single Largest Group of Shareholders."

PRE-IPO INVESTMENTS

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of pre-IPO investments since the incorporation of our Company. See "History and Corporate Structure—Pre-IPO Investments" for details of the principal terms of our pre-IPO investments and the identity and background of our Pre-IPO Investors.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Conversion of Unlisted Shares into H Shares, on the basis that, among other things, we satisfy the requirement under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing Rules) with reference to our expected market capitalization at the time of Listing, which, based on the low-end of the Offer Price, exceeds HK$4 billion.

DIVIDENDS

We are a holding company incorporated under the laws of the PRC. We currently do not have any formal dividend policy or pre-determined dividend payout ratio. During the Track Record Period, we did not declare or pay any dividends. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

A SHARE LISTING ATTEMPT

In 2022 and 2024, we had entered into each a sponsor engagement letter with two financial institutions in connection with our proposed listing of Shares in SSE STAR Market in the PRC ("Proposed A Share Listing"), respectively. The sponsor engagement letters in connection with the Proposed A Share Listing were terminated following arm's length negotiations in November 2024 and December 2025, respectively. The Company decided not to proceed with the Proposed A Share Listing. As of the Latest Practicable Date, we had not submitted any formal application to any recognized stock exchange in the PRC for an A shares listing primarily due to the prevailing market conditions at the relevant time.

CSRC FILING

We had submitted a filing to the CSRC for application of the Listing and the Global Offering. The CSRC filing was completed on May 19, 2026.

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the fact that (1) the Global Offering has been completed and 13,441,900 Offer Shares are issued pursuant to the Global Offering; and (2) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$77.00 per H Share	Based on an Offer Price of HK$85.50 per H Share
Market Capitalization of our H Shares(1)	HK$7,961.7 million	HK$8,840.6 million
Unaudited pro forma adjusted net tangible asset per Share(2)	HK$13.61	HK$14.66

(1) The calculation of market capitalization is based on 103,398,787 H Shares expected to be in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the above adjustment and on the basis that 103,398,787 Shares (being the 89,956,887 Shares issued and outstanding as of December 31, 2025 and 13,441,900 H Shares under the Global Offering) in issue immediately following the completion of the Global Offering and assuming that the Global Offering had been completed on December 31, 2025 without taking into account of the Shares which may be issued upon exercise of the Over-allotment Option. No adjustment has been made to reflect any trading result or other transactions of our Company entered into subsequent to December 31, 2025.

LISTING EXPENSES

We recorded listing expenses of nil, nil and RMB13.4 million in 2023, 2024 and 2025, respectively. We expect to incur a total of approximately RMB77.2 million (HK$88.8 million) of listing expenses in connection with the Global Offering, representing approximately 8.0% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$81.25, being the mid-point of the indicative Offer Price range between HK$77.00 and HK$85.50, and assuming that the Over-allotment Option is not exercised), including (1) underwriting commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all Offer Shares of approximately RMB49.7 million (HK$57.2 million), and (2) non-underwriting related expenses of approximately RMB29.6 million (HK$34.1 million), which consist of (i) fees and expenses of legal advisors and reporting accountants of approximately RMB17.4 million (HK$20.0 million), and (ii) sponsor fee and other fees and expenses of approximately RMB12.2 million (HK$14.0 million). Approximately RMB25.9 million (HK$29.8 million) is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB53.4 million (HK$61.5 million) is expected to be recognized as a deduction in equity directly upon the Global Offering. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering, will be approximately HK$1,003.3 million, assuming an Offer Price of HK$81.25 per Offer Share (being the mid-point of the indicative range of the Offer Price of HK$77.00 to HK$85.50 per Offer Share), without the exercise of the Over-allotment Option. We currently intend to use the net proceeds from the Global Offering for the purposes and in the amounts as the following: (1) approximately 55.0% of the net proceeds, or HK$578.2 million, will be used for production facility expansion with relevant equipment procurement and production personnel recruitment in the next three years; (2) approximately 20.0% of the net proceeds, or HK$210.2 million, will be used for the enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios; (3) approximately 5.0% of the net proceeds, or HK$52.6 million, will be used to expand our overseas sales network; (4) approximately 10.0% of the net proceeds, or HK$105.1 million, will be used for strategic investment or acquisition of potential high-quality targets across the industry value chain in both domestic and international markets, to enhance our competitiveness and market presence; and (5) approximately 10.0% of the net proceeds, or HK$105.1 million, will be used for working capital and other general corporate purposes. See "Future Plans and Use of Proceeds."

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGES

Our business had continued to expand and experience growth subsequent to the Track Record Period and up to the Latest Practicable Date, and our sales volume has been on an upward trajectory. For instance, the sales volume of our harmonic reducers increased from 62.5 thousand units in the four months ended April 30, 2025 to 133.9 thousand in the same period of 2026. By product size, the sales volume of our small-sized harmonic reducers increased from 3.6 thousand units in the four months ended April 30, 2025 to 14.0 thousand units in the same period of 2026, and the sales volume of large-sized reducers increased from 58.9 thousand units in the four months ended April 30, 2025 to 119.9 thousand units in the same period of 2026. The share of small-sized harmonic reducers in our total sales volume of harmonic reducers increased from 5.7% in the four months ended April 30, 2025 to 10.4% in the same period of 2026. According to CIC, demand for small-sized harmonic reducers is expected to continue growing, driven by the same factors behind their recent growth: (1) increasing demand from humanoid robots, which particularly require smaller-diameter harmonic reducers for precision joints such as dexterous hands, wrists and ankles where size, weight and accuracy are critical; and (2) the shift toward flexible manufacturing in the industrial setting, where light-payload robots with constrained joint spaces naturally favor small-sized harmonic reducers for flexible deployment, low changeover costs and safe human-robot collaboration. Our capabilities in small-sized harmonic reducers align well with this future market trend, enabling us to produce and sell more small-sized units. Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the date on which the latest consolidated financial information of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

Our monthly average cash burn for the four months ended April 30, 2026 was approximately RMB21.1 million. The relatively high cash burn rate during the period was primarily attributable to (1) the adjustment of the safety stock level in response to the rising sales forecasts, resulting in higher procurement of the raw materials of harmonic reducers, mainly including steels, bearings and machined parts; (2) the prepayment for purchase of equipment to expand the production capacity in order to meet the surging demand from downstream customers, with our designed monthly production capacity of harmonic reducers reached 50.4 thousand units in April 2026; and (3) the sales performance was relatively weak in the first quarter, primarily due to the Chinese New Year holidays, while fixed operating costs continued to be incurred. We expect our cash burn rate to decline during the eight months ended December 31, 2026, driven by our anticipated business growth. We expect that we will record a net loss for the year ended December 31, 2026, primarily because we are in the stage of expanding our business and operations, further commercializing our products and continuously investing in our products in R&D.

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"Accountants' Report"	the accountants' report for three years ended December 31, 2025 prepared by KPMG, the text of which is set out in Appendix I to this prospectus
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
"Audit Committee"	audit committee of the Board
"Beta Achieve"	Beta Achieve Limited (越焯有限公司), incorporated under the Hong Kong laws on December 15, 2017 as a limited liability company, one of our SIIs
"Board" or "Board of Directors"	the Board of Directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CDBC Fund"	CDBC Manufacturing Industry Transformation and Upgrading Fund (Limited Partnership) (國開製造業轉型升級基金(有限合夥)), incorporated under the PRC laws on May 26, 2020 as a limited partnership, one of our Pathfinder SIIs
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan
"Chongqing Laifual"	Chongqing Laifual Transmission Technology Co., Ltd. (重慶來富諧波傳動科技有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on September 1, 2025 as a limited liability company
"CIC"	China Insights Industry Consultancy Limited, our independent industry consultant, an independent market research and consulting company

"CIC Report"	a commissioned industry report prepared by CIC
"CmdRob"	Nanjing Cmd Robot Technology Co., Ltd. (南京科邁德機器人技術有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on November 17, 2022 as a limited liability company, one of our principal subsidiaries
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Zhejiang Laifual Drive Co., Ltd. (浙江來福諧波傳動股份有限公司), incorporated under the PRC laws on November 26, 2013 as a joint stock company
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法) as amended, supplemented or otherwise modified from time to time
"Conversion of Unlisted Shares into H Shares"	the conversion of 89,956,887 Unlisted Shares into H Shares on a one-for-one basis upon the completion of the Global Offering. Such conversion of Unlisted Shares into H Shares had been approved by the CSRC on May 19, 2026 and an application for H Shares to be listed on the Stock Exchange has been made to the Listing Committee
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"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
"Extreme Conditions"	Extreme conditions where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period
"FINI"	"Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"Guide"	Guide for New Listing Applicants issued by the Stock Exchange in August 2015, as amended from time to time
"Guozhong SME Fund"	Guozhong SME Development Private Equity Investment Fund Partnership (Limited Partnership) (深圳國中中小企業發展私募股權投資基金合夥企業(有限合夥)), incorporated under the PRC laws on December 25, 2015 as a limited partnership, one of our SIIs
"H Share(s)"	overseas-listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 672,100 H Shares initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering")
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage, SFC transaction levies, Stock Exchange trading fees and AFRC transaction levy), on and subject to the terms and conditions described in this prospectus and as further described in "Structure of the Global Offering—The Hong Kong Public Offering"

"Hong Kong Underwriter"	the underwriter of the Hong Kong Public Offering listed in "Underwriting—Hong Kong Underwriter" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 18, 2026 relating to the Hong Kong Public Offering and entered into by and among our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, our Single Largest Group of Shareholders and the Hong Kong Underwriter as further described in "Underwriting—Underwriting Arrangements and Expenses"
"IAS"	International Accounting Standards
"IFRS Accounting Standards"	IFRS Accounting 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, having made all reasonable enquiries, is/are not connected person(s) of our Company within the meaning ascribed thereto under the Listing Rules
"International Offer Shares"	the 12,769,800 H Shares initially offered by our Company for subscription pursuant to the International Offering together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in "Structure of the Global Offering")
"International Offering"	the offer of the International Offer Shares by the International Underwriter at the Offer Price to persons outside the United States in offshore transactions in accordance with Regulation S, as further described in "Structure of the Global Offering"
"International Sanctions Legal Advisor"	Commerce & Finance Law Offices LLP, our international sanctions law legal advisor
"International Underwriter"	the international underwriter that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around the Price Determination Date by and among our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, our Single Largest Group of Shareholders and the Hong Kong Underwriter as further described in "Underwriting—Underwriting Arrangements and Expenses—The International Offering"

"Jiangsu Laifual"	Jiangsu Laifual Transmission Technology Co., Ltd. (江蘇來福傳動科技有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on March 18, 2020 as a limited liability company, one of our principal subsidiaries
"Jieyang Information"	Shengzhou Jieyang Information Consulting Partnership (Limited Partnership) (嵊州市傑陽信息諮詢合夥企業(有限合夥)), incorporated under the PRC laws on December 4, 2017 as a limited partnership, one of our Single Largest Group of Shareholders
"Jining Laifual"	Laifual (Jining) Technology Co., Ltd. (來福(濟寧)科技有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on September 29, 2025 as a limited liability company
"Latest Practicable Date"	June 13, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Laifu Investment"	Shengzhou Laifu Investment Management Partnership (Limited Partnership) (嵊州市來福投資管理合夥企業(有限合夥)), incorporated under the PRC laws on October 27, 2015 as a limited partnership, and a member of our Single Largest Group of Shareholders
"Lenovo Fund"	Hubei Lenovo Yangtze River Technology Industrial Fund Partnership (Limited Partnership) (湖北省聯想長江科技產業基金合夥企業 (有限合夥)), incorporated under the PRC laws on May 16, 2018 as a limited partnership, one of our Pathfinder SIIs
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or around Tuesday, June 30, 2026, on which our H Shares of the Company are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mr. Zhang"	Mr. Zhang Jie (張傑), our executive Director, chairman of our Board, general manager and one of our Single Largest Group of Shareholders
"Nomination Committee"	the nomination committee of our Board

"Offer Price"	the final price per H Share in Hong Kong dollars (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not less than HK$77.00 and expected to be not more than HK$85.50, at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in "Structure of the Global Offering—Pricing and Allocation"
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriter, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the International Underwriter) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 2,016,200 additional H Shares at the Offer Price to, cover over-allocations in the International Offering, if any, further details of which are described in "Structure of the Global Offering"
"Pathfinder Sophisticated Independent Investor(s)" or "Pathfinder SII(s)"	has the meaning ascribed to it in Chapter 2.5 of the Guide
"PRC Legal Advisor"	Haiwen & Partners, being the legal advisor of our Company as to the PRC laws
"Pre-IPO Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed "History and Corporate Structure—Pre-IPO Investments" in this prospectus
"Price Determination Agreement"	the agreement to be entered into by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Friday, June 26, 2026 (Hong Kong time) on which the Offer Price is determined, or such later time as the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company may agree, but in any event no later than 12:00 noon on Friday, June 26, 2026
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of our Board

"Reporting Accountants"	KPMG
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"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 RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shengzhou Laifual"	Shengzhou Laifual Transmission Technology Co., Ltd. (嵊州來福傳動科技有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on July 9, 2019 as a limited liability company, one of our principal subsidiaries
"Shenzhen Laifual"	Shenzhen Laifual Transmission Technology Co., Ltd. (深圳來福傳動科技有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on February 28, 2023 as a limited liability company
"Single Largest Group of Shareholders"	refers to Mr. Zhang, Laifu Investment and Jieyang Information
"Sole Bookrunner"	the sole bookrunner as named in "Directors and Parties Involved in the Global Offering"
"Sole Global Coordinator"	the sole global coordinator as named in "Directors and Parties Involved in the Global Offering"
"Sole Lead Manager"	the sole lead manager as named in "Directors and Parties Involved in the Global Offering"
"Sole Sponsor"	CMB International Capital Limited
"Sophisticated Independent Investor(s)" or "SII(s)"	has the meaning ascribed thereto under the Listing Rules
"Sponsor-Overall Coordinator"	the sponsor-overall coordinator as named in "Directors and Parties Involved in the Global Offering"
"SSE STAR Market"	the Shanghai Stock Exchange Science and Technology Innovation Board (上海證券交易所科創板)
"Stabilizing Manager"	CMB International Securities Limited

"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Track Record Period"	the three years ended December 31, 2025
"Underwriters"	the Hong Kong Underwriter and the International Underwriter
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Unlisted Shares"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares not currently listed or traded on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$," "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Xiamen Laifual"	Xiamen Laifual Drive Technology Co., Ltd. (廈門來富諧波傳動技術有限公司), a wholly-owned subsidiary of our Company, incorporated under the PRC laws on December 9, 2021 as a limited liability company, one of our principal subsidiaries
"%"	percent

In this prospectus, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

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

This glossary contains certain technical terms used in this prospectus in connection with our Company and our business. Such terms and their meanings may not correspond to standard industry definitions or usage.

"AGV"	automated guided vehicle, a type of driverless, self-propelled robot designed to transport loads autonomously along predefined paths
"AI"	artificial intelligence, the ability of a machine or computer system to perform tasks that typically require human intelligence
"algorithm"	a step-by-step procedure or set of rules, often implemented in computer code, designed to perform a specific task or solve a particular problem
"automated workstation"	a self-contained automation cell integrating tooling, control and safety for a defined process
"automation"	the application of various control systems, such as controller, robots and information technologies, to operate equipment and processes in a wide range of industries
"automation equipment"	machines and devices that execute industrial processes automatically under programmed control
"axis" or "axes"	indicates a degree of freedom, where increasing the number of axes allows the industrial robot to access a greater amount of space by giving it more degrees of freedom
"bearing"	a mechanical element that supports shafts/loads while reducing friction during rotation or motion
"CAGR"	compound annual growth rate
"CANopen"	Controller Area Network open, a communication protocol and device profile specification widely used in industrial automation and motion control systems. Based on the CAN (Controller Area Network) bus, it enables standardized data exchange between controllers, drives, sensors and other automation devices, supporting features such as real-time data transmission, device configuration and network management
"circular spline"	a key component of a harmonic reducer, typically the rigid outer ring with internal teeth, primarily used in harmonic reducers
"CNC"	computer numerical control, the automated control of machining tools by means of a computer

"collaborative robots" or "cobots"	robots with operational robotic arms intended for direct human-robot interaction or collaboration within a shared space or where humans and robots are operating in proximity
"controllers"	systems connected to the robot in order to control the movements of the robots
"encoders"	electromechanical devices designed to convert mechanical motion into electrical signals, which can provide feedback on angular velocity and displacement
"end-effectors"	the tools at robots' working end that directly interact with the task or object
"EtherCAT"	Ethernet for Control Automation Technology, a real-time industrial Ethernet communication protocol widely used in motion control and automation systems. It enables high-speed, deterministic data exchange between controllers and devices such as joint modules, robotic arms and motor drives
"driver"	an electronic circuit or device that enables the control and operation of electric motors
"FEA"	finite element analysis, the process of predicting an object's behavior based on calculations made with the finite element method (FEM)
"flexible gear", "flexspline"	a thin cylindrical cup made from alloy steel with external teeth on the open end of the cup, primarily used in harmonic reducers
"frameless motor"	motor without an external housing, designed to be integrated directly into mechanical assemblies
"gear skiving"	a high-precision gear machining process that enables efficient mass production of gear components
"harmonic reducers"	a type of mechanical gear system designed to transmit motion and torque with very high precision and minimal backlash
"humanoid robots"	robots with human-like body layout (torso, limbs, head) for human-oriented tasks
"industrial robots"	an automatically controlled, reprogrammable multipurpose manipulator, programmable in three or more axes, which can be either fixed in place or fixed to a mobile platform for use in automation applications in an industrial environment
"joint modules"	a compact joint unit integrating motor, reducer, driver, encoder and brake for easy system embedding

"MES"	manufacturing execution system, a software system that monitors, tracks and controls manufacturing processes. MES provides real time data and insights into production operations, facilitating production control, quality management and decision-making
"payload"	the maximum weight that the robot can handle while performing its tasks
"precision transmission"	the accurate and efficient transfer of motion and torque within mechanical systems, essential in robotics and automation
"repeatability"	indicates the ability of a robot to consistently reproduce the same pose within a given tolerance
"robotic arms"	a multi-joint mechanical arm that executes positioning, handling and process operations
"R&D"	research and development
"SKU"	stock keeping unit
"sensor"	a device that measures or detects real-world conditions, such as motion, heat or light, and converts the conditions into analog or digital representations
"tooth profile"	the contour or shape of the gear teeth, which is critical for ensuring efficient engagement and disengagement
"torque density"	output torque per unit mass or volume, indicating compactness and power
"transmission ratio"	the speed conversion ratio between input and output of a transmission
"wave generator"	one of the core components of harmonic reducers, which drives the meshing of the flexspline and circular spline through elastic deformation to achieve high-precision speed reduction transmission
"WMS"	warehouse management system, a software that helps companies manage and control daily warehouse operations, from the moment goods and materials enter a distribution or fulfillment center until the moment they leave

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "intend," "plan," "continue," "seek," "estimate," or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;
- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the extent and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and

- certain statements in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with our Single Largest Group of Shareholders" and "Future Plans and Use of Proceeds" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our H Shares may involve significant risks. Potential investors should read and consider carefully all the information set out in this prospectus, and, in particular, should evaluate the following risks and uncertainties before deciding to make any investment 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 trading price of our H Shares, and could cause you to lose all or part of your investment. The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.

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."

We are at a relatively early stage of commercialization of our products, as we only met the revenue requirement as set out in Rule 18C.03 of the Listing Rules following our revenue growth during the Track Record Period. In addition, we recorded net losses since our inception and expect to continue to incur net losses after the Track Record Period. We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into (1) risks relating to our general operations and industry, (2) risks relating to the research and development and intellectual property rights of our products, (3) risks relating to our financial condition and need for additional capital, (4) risks relating to doing business in the jurisdictions where we operate, and (5) risks relating to the Global Offering.

Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also harm our business, results of operations and financial condition. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR GENERAL OPERATIONS AND INDUSTRY

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, which may materially and adversely affect our business, results of operations and financial condition.

China's robotic precision transmission solution industry has been developing rapidly. The future market size of the industry and the demand for robotic precision transmission solutions may, however, be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For example, the market growth may depend on the application of robotic precision transmission solutions across various industry sectors and the performance and cost-efficiency of these solutions. If there is a reduction in customer demand as a result of alternative technologies, competing products or solutions, technological challenges, decreases in customer spending, weakening economic conditions or other causes, our business, results of operations and financial condition will be materially and adversely affected.

In addition, the market acceptance of robotic precision transmission solutions may vary across different industry sectors. As we aim to reach out to more customers across different industry sectors, we may face challenges brought by more diverse and complex use cases. We cannot assure you that the trend of adopting and utilizing robotic precision transmission solutions by potential customers will develop or continue in the future in any given industry sector, which in turn would hinder our ability to achieve the desired level of adoption of our products.

Our products are widely used across various downstream sectors. Any slowdown in the growth of these sectors could adversely affect our business, results of operations and financial condition.

As of the Latest Practicable Date, we had developed products featuring high-precision, zero backlash and ultra-flat design with long service life for several major industry verticals where precision and reliability are critical, such as humanoid robots, industrial robots and other automation equipment. See "Business—Our Products." Accordingly, the demand for our robotic precision transmission solutions is closely tied to the market growth and downstream demand within these sectors. Any slowdown in the growth of these sectors could materially and adversely affect the adoption of our products.

The market growth and downstream demand for our customers' products, which drive demand for our various products are subject to various factors beyond our control, including macroeconomic conditions, rapid technological developments, evolving industry standards, shifting consumer preferences, regulatory changes, production cycles and supply chain constraints. Any delay or slowdown in technological advancements, disruptions in supply chains or changes in regulatory policies may hinder the growth of downstream sectors. For example, the future prospects of the robotics industry, whether industrial-grade or household-grade, are subject to factors beyond our control, such as the actual capabilities of robots, their ease of use, pricing and the availability of alternative products. Any stagnation or contraction in these factors could impact the demand for our products. In addition, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, results of operations and financial condition. Furthermore, we cannot guarantee that the market trends of downstream sectors where our products are deployed will remain favorable in the future. There is no assurance that the demand for product offerings in these downstream sectors will remain at the levels experienced during the Track Record Period or continue to grow. Any decline in the customer demand in these downstream sectors or stagnation in the growth of downstream sectors could materially and adversely affect our business, results of operations and financial condition.

The industry in which we operate is competitive. If we fail to compete against our competitors, our business, results of operations and financial condition may be materially and adversely affected.

The robotic precision transmission solution industry in which we operate is competitive. Some of our existing players have a longer operating history, more financial and other corporate resources, more sophisticated technological capabilities, more robust customer base and greater bargaining power than us. Such competitors may develop and launch more attractive products, adapt to downstream demands or incorporate advanced technologies at a faster pace than us. As such, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as such competitors. In addition, in the event that these competitors further lower the prices of their products similar to ours, due to their ability to achieve further cost savings, changes in market conditions or other reasons, we cannot assure you that we can match their pricing strategies in a timely manner, if at all, which could render our products less competitive in the market.

We also face competition from new entrants who may offer more competitive products than ours. Such new entrants may increase industry competition and adversely impact the sales, price and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, results of operations and financial condition may be materially and adversely affected.

Our evolving business portfolio make it difficult to evaluate our prospects and the risks and challenges we may encounter. Our historical growth may not be indicative of our future performance.

We commenced our operations in 2013 and have continued to expand our business since our inception. We have innovated, and will continue to innovate robotic precision transmission solutions across diversified industry verticals. Our business initiatives, including our harmonic reducers, joint modules and robotic arms and automated workstations, have not been fully proven, which may subject us to a number of uncertainties and additional costs and expenses, and adversely affect our ability to project and plan for our future growth.

In 2023, 2024 and 2025, our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million, respectively. However, you should not consider our historical performance as indicative of our future financial performance. As our business further develops, we may continue to update our business portfolio. We may launch new product or discontinue any existing ones for strategic purposes. Any of such changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our prospects should be considered in light of the risks and uncertainties that we may encounter, including the following ones, some of which are beyond our control:

- China's overall economic growth;
- the evolving regulatory environment and government policies and initiatives, in particular those relating to the industries that we operate in;
- the level of digital intelligentization in China;
- awareness and widespread adoption of robotic precision transmission solutions across various industry sectors;
- our ability to advance and develop our technologies;
- our ability to develop and deliver products to efficiently address our customers' needs;
- our ability to retain and expand our customer base;
- our ability to increase brand recognition through marketing and promotional activities;
- our ability to successfully compete with other companies that are currently in, or may in the future enter, our industries; and
- our ability to manage our costs and expenses and enhance operating efficiency.

Our business operation and financial performance may be adversely affected if we fail to timely introduce new products to adapt to customers' needs.

The industry in which we operate is characterized by rapid technological advancement, frequent introductions of new products, continual shifts in customer demands and expansion into new application scenarios. In addition, the continuous emergence of new products has intensified the need for innovation. Accordingly, our business success depends substantially on our ability to continuously introduce new and upgrade existing products in a timely manner. In particular, the timely introduction of new products and upgrading of existing products requires us to:

- adapt quickly and cost-effectively to changing customer specifications, market conditions and regulatory standards;
- cooperate effectively with customers, suppliers and other partners to meet customization requirements;
- continuously improve the reliability, scalability and intelligence of our products;
- design performance-enhancing functions that differentiate our products from competitors; and
- respond promptly to technological changes and products announcements by our competitors.

If we fail to meet any of these requirements, our products may become less competitive or even obsolete. Any delays or inefficiencies in upgrading our products may impact our ability to capitalize on emerging application scenarios or address evolving market demands, further diminishing our market position.

If we fail to retain existing customers, attract new customers or increase their spending, our business, results of operations and financial condition may be materially and adversely affected.

Our ability to generate and increase our revenue depends largely on our ability to retain existing customers, attract new customers or increase their spending with us. This in turn would depend on a number of factors, including our ability to offer high-quality products that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities of our products, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

Furthermore, our customer base and customer spending with us may decline or fluctuate due to many factors, including customer satisfaction, customer budget levels, changes in our customers' underlying businesses, changes in the type and size of our customers, pricing, competitive landscape and general economic conditions. We may also fail to execute our sales and marketing strategies in a cost-effective manner or our efforts to cross-sell and up-sell may not be as successful as we anticipate. Moreover, failure to maintain high-quality customer support may also have an adverse effect on customer retention. Such failures could result in customer dissatisfaction and decrease in the overall demand for our products, which would materially and adversely affect our business, results of operations, financial condition and prospects.

As we have been and will continue expanding our customer base and diversifying industry sectors that we cover, the demands of our customers may differ from each other and evolve over time. As such, we need to upgrade, expand and modify our products to satisfy their requirements. We also need to develop expertise and insights to serve customers across industry sectors and adapt our products accordingly to ensure the degree of our market acceptance. We have a track record of successfully expanding into new industry sectors. However, we cannot assure you that we will be able to maintain this momentum in the future and always provide products that meet our customers' anticipations. In addition, there may be one or more existing market leaders in such areas. Such companies may be able to compete more effectively than us by leveraging their experience in addressing customer needs in those sectors, as well as their deeper industry insights, greater brand recognition, more advanced technologies and better access to customer base and business opportunities. We could also be subject to additional regulations relating to new industry sectors that we enter into, and we may not have sufficient experience or resources in dealing with those enhanced requirements and could incur additional compliance costs. Expansion into any new industry sectors may place significant strains on our management and resources. As a result, we may not be able to retain and expand our customer base, and our business, results of operations and financial condition may be materially and adversely affected.

Our success depends in part on our ability to enhance our production capabilities and to produce high quality products.

Our success depends in part on our ability to enhance our production capabilities, which include expanding our manufacturing capacity, improving our manufacturing efficiency or modifying our production lines to meet the varying demands for our products. In 2023, 2024 and 2025, the utilization rate for the production of harmonic reducers in our leased production facility in Shaoxing was 81.9%, 89.5% and 93.0%, respectively, and the utilization rate for the production of harmonic reducers in our Shaoxing production facility was 97.1% in 2025. If we are unable to do so, we may not be able to achieve the desired level of economies of scale in our operations, to reduce manufacturing costs to the level that will allow us to compete effectively or to maintain our pricing and other competitive advantages. Our ability and efforts to enhance our production capabilities are subject to significant risks and uncertainties, including:

- our ability to obtain funding for the additional capital expenditures, working capital and other corporate requirements to be used to enhance our production capabilities. We may be unable to obtain such funds in a timely manner or on commercially reasonable terms or at all;

- unexpected delays and cost overruns resulting from a number of factors, many of which may be beyond our control. These include increases in the prices of raw materials, parts, components and utilities, shortages of workers, transportation constraints, disputes with contractors, engineering firms and equipment vendors, as well as equipment malfunctions and breakdowns;

- availability of the necessary technology or equipment from third parties or our internal research and development department;

- diversion of management attention and other resources; and

- manufacturing interruption caused by natural disasters or other unforeseen events.

Construction of new production facilities or the expansion of existing facilities also requires significant capital investment upfront, and it may take considerable time before such facilities achieve their expected capacity or breakeven point. Failure to construct or expand our production facilities in time or at all may drain our financial resources and adversely affect our business, results of operations and financial condition.

Failure to enhance our brand recognition and sales and marketing capabilities could harm our ability to expand our business operations and expand our customer base, and adversely affect our business, results of operations, financial condition and prospects.

We believe that maintaining and enhancing our brand is important to continued market acceptance of our existing and future products, attracting new customers, retaining existing customers, and successfully executing our dual-pronged growth engines. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand recognition will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, and our ability to successfully differentiate our products from competitive ones. However, our efforts may not always be successful or yield increased revenue.

Moreover, the promotion of our brand also requires us to make expenditures, and we expect that the absolute amount of these expenditures will increase as the market becomes more competitive. Our selling and marketing expenses were RMB6.3 million, RMB6.4 million and RMB9.2 million in 2023, 2024 and 2025, respectively. To the extent that our sales and marketing activities increase revenue, the increase in revenue still may not necessarily be sufficient to offset the expenditures we incur. We may also be unable to hire and train sufficient numbers of qualified sales personnel or ensure the productivity of our sales personnel in acquiring new customers or cross-selling to our existing customers. If we do not successfully maintain and enhance our brand and ensure the effectiveness of our sales and marketing efforts, our ability to expand our customer base may be impaired, which would then adversely affect our business, results of operations and financial condition.

We may be unable to execute our strategies effectively.

Our business, results of operations and financial condition depend in part on our ability to effectively implement our growth strategies. For example, to expand our production capacity and boost our growth, we may construct additional production lines at our production facilities or construct new production facilities. If we encounter any issue during our international expansion or if we fail to manage our products portfolio expansion, our business, results of operations and financial condition may be materially and adversely affected. Despite the fact that we have secured orders from leading customers in certain emerging industry verticals during the Track Record Period, such products may not gain sufficient market acceptance or realize revenue as predicted. In addition, we must continue to hire, train and effectively manage new employees. If newly hired employees perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, results of operations and financial condition may be materially and adversely affected. To effectively manage the expected growth of our operations and personnel, we will need to continue to improve our technological, operational and financial systems, policies, procedures and controls. All of these endeavors involve risks and will require significant managerial, financial and human resources. There is no assurance that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully or that our new business initiatives will be successful. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful and our business and prospects may be materially and adversely affected.

If we experience operational disruption or machinery breakdown in our production facilities, our inventory level and production schedule may be adversely affected.

Our success and reputation depend on our ability to deliver quality products to our customers on time and in required quantities, which in turn relies on the proper and reliable functioning of our production processes. Our production processes rely on the stable operation of our production facilities, particularly machinery and equipment for key processes. Any operational disruption or machinery breakdown could directly impact our production schedules and stock levels, hindering our ability to meet customer orders in a timely manner, thus affecting customer satisfaction.

Operational disruptions or machinery breakdowns in our production facilities may arise from unexpected incidents or catastrophic events, including natural disasters, fires, technical or mechanical failures, power shortages, explosions, labor strikes, epidemics, loss of licenses, certifications or permits, changes in governmental planning for the underlying land, and regulatory developments. Additionally, instability or shortages in electricity supply could halt production activities, causing delays in fulfilling customer orders. In the event of such disruptions, maintaining production volumes and ensuring sufficient stock levels to meet customer demands could be challenging. Identifying and securing alternative facilities or machinery in a timely and cost-effective manner may not always be feasible. In addition, we may also experience delays in shipments caused by our third-party logistic service providers. Delays in resuming normal operations could also affect the quality and schedule of product deliveries, potentially impacting customer satisfaction and damaging our reputation. Any prolonged suspension of operations or significant disruptions in our production processes could materially and adversely affect our business operations.

If we experience increases in labor costs, shortage of labor or deterioration in labor relations, our production costs may be affected.

Labor costs have been fluctuating and may rise in the future. Our labor costs accounted for 21.6%, 27.7% and 18.4% of our total cost of sales in 2023, 2024 and 2025. Labor cost increases may cause our production costs to increase, and we may not be able to pass on such increase to our customers. We also cannot assure you that we will not experience any shortage of labor. Any such shortage could hinder our ability to maintain our production schedules and maintain or expand our business operations, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We seek to maintain favorable labor relations with our employees as we believe that our long-term growth depends on the expertise, experience and development of our employees. For details of our employee training efforts and welfare, see "Business—Employees." However, we cannot assure you that we will not have any labor disputes in the future. Any deterioration of our labor relations could result in disputes, strikes, claims, legal proceedings and reputational damage, labor shortages that disrupt our business operations, as well as loss of experience, know-how and trade secrets.

Future operating results depend upon our ability to obtain raw materials in sufficient quantities on commercially reasonable terms from our suppliers.

Raw materials are the major component of our total cost of sales. In 2023, 2024 and 2025, our cost of materials was RMB22.4 million, RMB27.1 million and RMB110.9 million, respectively. The raw materials that we mainly use in the manufacturing of our products are steels, alloys, components and bearings. We procure raw materials from third-party suppliers. The prices of raw materials are susceptible to fluctuations due to supply and demand trends in the commodities markets, transportation costs, geopolitical events, price controls, the economic climate and other unforeseen circumstances. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of high-quality raw materials in a timely manner at reasonable prices, or if there are significant increases in the costs of raw materials that we could not pass on in full to our customers.

We rely on the timely supply of raw materials in order to carry out our production plans as scheduled. Any delays or disruptions in such supplies from our suppliers may have a material and adverse impact on our ability to meet our customers' demands for our products on time. In addition, any natural or man-made disasters or other unanticipated catastrophic events, including adverse weather, fires, technical or mechanical difficulties, storms, explosions, earthquakes, strikes, acts of terrorism, wars and outbreaks of pandemics could impair the operations of our suppliers and impede our ability to manufacture and deliver our products to our customers in a timely manner.

We cannot assure you that we will be able to extend or renew the agreements that we have entered into for the supply of raw materials on similar terms, or at all. The effects of global or regional economic conditions on our suppliers could also affect our ability to obtain raw materials, and we remain subject to significant risks of supply shortages and price increases, which may adversely affect our business, results of operations and financial condition.

We have derived a substantial portion of our revenue from sales to a limited number of customers, which may expose us to risks relating to customer concentration.

Revenue generated from our largest customer in each year during the Track Record Period accounted for 8.4%, 10.9% and 12.1% of our total revenue for such period, respectively, and revenue generated from our top five customers in each year during the Track Record Period accounted for 29.3%, 37.7% and 42.3% of our total revenue for such period, respectively. See "Business—Customers."

There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Actions taken by our largest customers to exploit their comparably superior bargaining position in negotiating the terms of contracts or otherwise could also have an adverse effect on our operating results. In the event that the existing largest customers cease to engage our products, and we are unable to find new customers with similar attributable revenue within a reasonable period of time or at all, our business and profitability may be adversely affected. In addition, if any of such customers delays in their payments or even default, our results of operations, financial condition and liquidity may be materially and adversely affected. As such, should there be any adverse development related to our largest customers' operations or any other reasons resulting in any deterioration or termination of our business relationship with one or more of our major customers, our business, financial condition, operating results and prospects could be materially and adversely affected.

We are exposed to supplier concentration risk due to our reliance on certain major suppliers.

Under our vertically integrated business model, our business operations depend on the continuous service of certain suppliers, mainly including the suppliers of steel, alloys, components and bearings. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 29.4%, 28.4% and 30.5% of our total purchase amount in the same periods, respectively. Purchases from our largest supplier in each year during the Track Record Period accounted for 10.8%, 9.6% and 11.8% of our total purchase amount in the same periods, respectively. See "Business—Suppliers—Major Suppliers."

Our reliance on these major suppliers subjects us to the concentration and counterparty risk from these suppliers and we cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. If the supply of the aforementioned raw materials and components is disrupted or delayed, we may fail to find replacements with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. To the extent that we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition will be adversely affected. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business with us.

We may face risks associated with defective products and the unsatisfactory performance of our products.

Our products may expose us to potential product quality claims if they fail to perform as expected, are proven to be defective, or if their use causes, results in or is alleged to have caused or resulted in project delays or damages or other adverse effects. If our products do not meet specifications or requirements enforced by domestic or overseas regulators or requested by our customers (as the case maybe), we may be subject to product quality claims or litigation. Any product quality claim, regardless of whether relating to project delays or damages, or related regulatory actions could prove costly and time-consuming to defend and could potentially prejudice our brand reputation and our relationship with our customers. If successful, product quality claims may require us to pay substantial damages. Furthermore, certain product quality claims may be the result of defects from parts and components purchased from third-party suppliers. Such third-party suppliers may not indemnify us for defects as to such parts and components or would only provide us with limited indemnification that is insufficient to cover our damages resulting from the product quality claim. Any product quality claim, either with or without merit, may also result in significant negative publicity and thus materially and adversely affect the marketability of our products and our reputation, our relationship with customers, as well as our business, results of operations and financial condition.

We are subject to various regulatory and customer requirements and may not be successful in maintaining an effective quality control system.

The performance, quality and safety of our products are critical to our customers and our success. We have established and maintained stringent quality assurance standards and inspection procedures, including quality control with respect to the raw materials and components purchased from suppliers. See "Business—Quality Control." However, the effectiveness of our quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programs and our employees' adherence to our quality control policies and guidelines, and should cover all stages of manufacturing processes, including raw material and component procurement and both semi-finished and finished products. If we fail to maintain an effective or adequate quality control system, we may manufacture defective products that would expose us to warranty claims which may include return, replacement or recall of our products and other compensation and product liability. Any such claim, regardless of whether it is ultimately successful, could cause us to incur significant costs, prejudice our business reputation and result in significant disruption to our operations. Furthermore, if any such claim is ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our results of operations and financial condition.

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

Our future performance depends on the continued services and contributions of our senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D. We rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of our relationships with key business partners, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Any loss of the services of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. Hiring and integrating suitable replacements into our team also requires significant amount of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers. However, we cannot assure you that we will be able to develop or retain qualified personnel that we will need in order to achieve our strategic objectives. If we fail to respond in a timely manner to the loss of service of or changes in the positions of our key personnel, our business, financial condition and results of operations may be adversely affected.

Our business may be subject to seasonal fluctuations.

Our business operations are subject to seasonality. Our sales performance tends to be stronger in the fourth quarter of each year, primarily because our customers typically conduct equipment and process testing during the second quarter and complete the majority of their annual capital expenditure in the third and fourth quarters, leading to our stronger sales in the second half of the year, especially the fourth quarter. Our sales performance and production activities tends to be relatively weak in the first quarter of each year, primarily due to the Chinese New Year holidays, while gradually recover during the second quarter. This seasonality pattern may cause our results of operations to fluctuate from period to period. See "Business—Seasonality."

We may not be able to effectively maintain our relationships with our business partners. Any negative development with respect to our relationships with our business partners may materially and adversely affect our business and brand.

We established business relationship with third-party business partners, such as manufacturing partners. During the Track Record Period, we engaged manufacturing partners for certain production processes, such as forging and turning services for parts and components. See "Business—Production." In 2023, 2024 and 2025, our outsourced costs amounted to RMB2.6 million, RMB2.8 million and RMB 3.6 million, respectively, accounting for 3.9%, 3.4% and 1.8% of our total cost of sales in the same respective periods. We cooperate with and will continue our substantial cooperation with our business partners in various aspects. If any of our business partners discontinues their cooperation with us, reduces, suspends or terminates any type of support to us, we need to obtain such support from other business partners, or improve the capacities on our own. If we are unable to maintain our relationship with business partners, our business and results of operations could be materially and adversely affected.

If our 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 adversely affected.

Our revenue from sales to distributors accounted for 41.6%, 42.8% and 51.0% of our total revenue for 2023, 2024 and 2025, respectively. We expect that distributorship will remain an important component of our sales network. The loss of our distributors, or reduced orders from them, could adversely affect our access to end customers and our sales volume and revenue. Moreover, our distributors may not be able to market and sell our products successfully or operate their own business effectively. For example, our distributors may not be able to maintain good relationship with the end customers or carry out marketing and sales activities in a satisfactory manner. In addition, if the sales volumes of our products to end customers are not desirable, our distributors may not place new orders with us, or they may reduce orders or request discounts on the purchase price, and eventually, they may not renew the distribution agreement with us. If our distributors fail to operate successfully, either as a result of their own reasons or with respect to our products, our ability to effectively sell our products could be negatively affected.

As we believe that distributorship is an important component of our sales network, any of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our business, results of operations and financial condition:

- reduction, delay or cancellation of orders from one or more of our distributors;
- failure to renew distribution agreements and maintain relationships with our existing distributors;
- failure to establish relationships with new distributors on favorable or even standard terms; and
- inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

In addition, we cannot assure you that the expansion of our distributor network will continue to be successful or will generate revenue as expected. The cost of any consolidation or further expansion of our distributor network may exceed the revenue generated from these efforts.

We have limited control over the operations of our distributors. Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

We rely on distributors for the marketing and sales of our products. We enter into distributorship agreements with our distributors to regulate their conducts in the marketing and sales of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconducts and violations committed by our distributors. Misconducts and violations may occur in the form of unauthorized misrepresentation to our downstream end customers, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution.

In any such event, we may, as a result, incur liability to our downstream end customers for claims of misconducts committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in complaints from our downstream end customers and subsequent adverse impact on our business and reputation.

In addition, as our agreements with distributors do not expressly prohibit the appointment of sub-distributors, there is a risk that distributors may, without our consent, engage sub-distributors to indirectly sell our products through unauthorized channels. Such unauthorized sub-distribution could lead to channel cannibalization and price misalignment, which may erode the sales incentives of our authorized distributors, undermine our brand reputation, and expose us to compliance and liability risks, as sub-distributors are not our direct contracting parties and we may face challenges in supervising their sales activities and customer service. All of such could result in complaints from our downstream end customers and subsequent adverse impact on our business, results of operations, and reputation.

Our information technology and software systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches, including cyber-attacks or other privacy or data security incidents that result in security breaches of these systems.

We rely on our information technology and software systems to effectively manage various customers' and suppliers' data, production and operation data and financial and human resources data. Any significant failure in our information technology and software systems could result in transaction errors, processing inefficiencies and loss of sales and customers, or lead to loss or leakage of confidential information. We collect and store certain customer contact information necessary to our business operations. The security of such information is of paramount importance. Any security and privacy breaches on customer information may damage our customer relations and our reputation and may expose us to legal liability.

Our information technology and software systems may be subject to damage or interruption, primarily due to unexpected emergency circumstances beyond our control, including power outages, computer and telecommunication failures, malware, ransomware or other destructive software, manual or usage errors, catastrophic events, fire, natural disasters and extreme weather conditions, systems failures, security breaches, unauthorized access to our data information systems, hackings intended to cause malfunctions, loss or corruption of data, software, hardware or other computer equipment, intentional or inadvertent transmission of computer viruses and other similar events. Attacks, including those targeting IT systems, could severely disrupt business operations and result in significant expense to repair or remediate system damage. We could not guarantee attacks and security incidents would not happen in the future. We may also encounter problems when upgrading our systems, which could disrupt our operations and adversely affect our results of operations. In addition, our costs to adequately counter the risk of cyber-attacks and to comply with contractual and regulatory compliance requirements may increase significantly in the future.

Furthermore, cybersecurity breaches may expose us to a risk of loss or misuse of confidential and proprietary information. Such theft, loss or fraudulent use of information, or other unauthorized disclosure of personal or sensitive data, may lead to high costs to notify and protect the impacted persons. It could also subject us to litigation, losses, liability, fines, or penalties, any of which could materially and adversely affect our results of operations and reputation.

As cybersecurity threats are dynamic, evolving, and increasing in sophistication, magnitude, and frequency, there can be no assurance that such procedures and measures will be successful or sufficient to prevent security breaches from occurring. If any of these potential cybersecurity incidents and corresponding regulatory action were to occur, they could adversely impact our results of operations due to high additional costs, such as penalties, third-party claims, repairs, increased insurance expense, litigation, remediation, security, and compliance costs.

We are subject to risks associated with the overseas expansion of our business.

We have been exploring business opportunities in overseas regions. However, we have limited experience in doing business in these markets and our products and business may not be well-accepted. We cannot assure you that we can replicate our success or compete effectively in these markets. Moreover, as our overseas expansion proceeds, we may have to adapt our business models to the local market due to various legal requirements and market conditions and incur additional costs associated with such operations.

Specifically, we are subject to risks typically associated with overseas operations including, but not limited to, compliance with local laws and regulations, such as those related to trade practices and tariffs, intellectual property, labor, anti-corruption, taxation, intra-group transactions and trade practices and data practice. 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. We may also need to obtain additional government approvals, licenses or other authorizations for doing business in overseas markets. Changes in the political and economic environments in the markets where we operate and the imposition of tariffs, duties or other protectionist measures may also have a material adverse impact on our overseas operations.

Changes in international trade policies, geopolitics and trade protection measures, including imposition of export control, trade restrictions and sanctions, may adversely affect our reputation, business, results of operations and financial condition.

We offer our products to customers in China and overseas markets, with revenue recognized in overseas markets amounted to RMB2.6 million, RMB4.6 million and RMB7.0 million in 2023, 2024 and 2025, respectively, accounting for 2.8%, 4.3% and 2.7% of our total revenue in the same periods, respectively. Our sales to overseas markets are subject to potential deterioration in the political and economic relations among countries and sanctions and export controls policies administered by government authorities, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability.

International trade policies, geopolitical tensions and trade protectionist measures (including export controls, tariffs, trade restrictions and sanctions) have become increasingly complex and uncertain globally. These developments may give rise to direct and indirect impacts on our Group. For example, economic sanction regimes imposed by the United States and other jurisdictions or international organizations, including the European Union, the United Kingdom, and the United Nations, restrict dealings with certain countries or territories, as well as designated entities, sectors, and individuals. Sanctions laws and regulations are constantly evolving, and new targeted industry sectors, groups of companies, persons or organizations are regularly added to the list of international sanctions programs.

Furthermore, if we fail to keep ourselves updated with the latest developments of the international sanctions or other laws and regulations, we may be involved in sanctions risk exposures. If the relevant authorities of the relevant jurisdictions determine that any of our future activities as a violation of the sanctions imposed by these authorities or designate us, any of our Directors and/or substantial shareholders as a sanctioned company, person or organization, our business and reputation will be materially and adversely affected.

Our operations may be indirectly affected if our upstream suppliers, downstream customers or industry partners are subject to tightened export controls, trade restrictions or sanctions, which may in turn affect supply chain stability, market demand or our business costs. We cannot assure you that future changes in international trade policies, export controls or sanctions regimes will not have an indirect adverse effect on our business.

If we are not able to fully comply with future environmental, safety and occupational health laws and regulations, our business, results of operations and financial condition may be adversely affected.

Our business is subject to certain laws and regulations relating to environmental, safety and occupational health matters. See "Business—Environmental, Social and Corporate Governance." Under these laws and regulations, we are required to maintain safe production conditions and protect the occupational health of our employees. However, we cannot assure you that we will not experience any material accidents or worker injuries in the course of our production process in the future, or that our risk management measures could effectively mitigate the relevant risks and help us navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs, and if we fail to comply with such ESG-related laws and regulations, our business, results of operations and financial performance may be adversely affected.

In addition, our production process produces hazardous wastes and wastewater. The disposal of hazardous waste and the discharge of pollutants from our production operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. We cannot assure you that all situations that will give rise to material environmental liabilities will be discovered, or any environmental laws adopted in the future will not materially increase our operating costs and other expenses. Should the authorities impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such new regulations at reasonable costs, or at all. Any increase in production costs resulting from the implementation of additional environmental protection measures or failure to comply with new environmental laws or regulations may have a material adverse effect on our business, results of operations and financial condition.

We may fail to obtain or maintain all required licenses, permits and approvals to operate our business.

Our business and operations have been subject to extensive regulations. We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business. As considerable uncertainties could exist with respect to the interpretation and implementation of future laws and regulations governing our business activities, we cannot assure you that we will be able to maintain our existing approvals, permits or licenses or obtain new ones. The government authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operations of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and prevent us from efficiently delivering services and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, results of operation and financial condition may be materially and adversely affected.

We may be involved in legal and other disputes and claims from time to time arising from our operations and any litigation, legal and contractual disputes, claims or administrative proceedings against us and any failure to comply with relevant laws and regulations may expose us to legal risks.

We may be, from time to time, involved in litigation, other legal proceedings or disputes with our employees, suppliers or customers during the ordinary course of business operations related to, among other things, products and other types of liability, labor disputes or contractual disputes. All of these disputes and claims may lead to legal or other proceedings or cause negative publicity against us, thereby resulting in damage to our reputation, substantial costs and diversion of resources and management's attention from our business activities. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production schedules We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our reputation, business, prospects, results of operations and financial condition.

We may unable to expand and maintain existing strategic partnerships with academic institutions.

We have established the Laifual-Chongqing University Institute of Intelligent Precision Transmission in collaboration with Chongqing University in September 2023. See "Business—Research and Development." Leveraging Chongqing University's strong foundation in applied basic research in mechanical transmission and its advantages in cultivating high-level talent, we have continued to expand our joint research team. However, there is no assurance that Chongqing University will continue to collaborate with us on commercially reasonable terms, or at all. We also cannot assure you that we will be able to establish new joint research institute, or extend existing relationships with Chongqing University, or our collaboration with Chongqing University is terminated, we may not be able to effectively attract qualified talents and enhance our brand awareness through the collaboration, which could adversely affect our business, result of operations, financial condition and prospects.

We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business, results of operations and financial condition.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. If an employer fails to pay social insurance premiums as required by law, the employee has the right to request termination of the labor contract and demand economic compensation from the employer. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. We estimate that the accumulated shortfall of social insurance and housing provident fund contributions in 2023, 2024 and 2025 was approximately RMB1.5 million, RMB2.6 million and RMB3.6 million, respectively, which we believe would not have a material adverse effect on our business. As advised by our PRC Legal Advisor, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, the relevant housing provident fund authority may apply to a PRC court for an order of mandatory payment.

During the Track Record Period, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our social insurance or housing provident fund contributions. In addition, we did not receive any notice from judicial or administrative authorities on any material claim from our current and former employees regarding any inadequate contributions. As advised by our PRC Legal Advisor, in the absence of any material employee claims and significant changes in the current policies, regulations, regulatory practices and implementation requirements regarding social insurance and housing fund contributions, the likelihood that we would be required by the relevant authorities to pay the shortfall and the late fees for social insurance and housing provident fund contributions and/or be subject to material administrative penalties due to failure to make full contributions is remote, based on the fact that (1) we have obtained confirmations from the relevant competent government authorities, confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (2) during the Track Record Period, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions nor any notifications from the relevant competent government authorities requiring us to pay the shortfalls; (3) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and (4) we undertake that, in the event that competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner. As a result, we did not make any provisions in connection with the foregoing incident during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that the relevant government authorities will not require us to pay the shortfall and late fees or impose fines on us, in which case our business, results of operations and financial condition could be adversely affected.

We may be subject to fines for failing to register the lease agreement of leased property.

As of the Latest Practicable Date, the lease agreements were not filed by either us or the relevant lessors for registration with respect to four of our leased properties in China. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the relevant local housing administrative authorities. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, and we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to comply.

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

We plan to pursue strategic investment or acquisition of potential high-quality targets across the industry value chain in both domestic and international markets, to enhance our competitiveness and market presence. In identifying suitable targets, we will consider factors such as quality and market potential of their products, historical operational and financial performance, team expertise, and the potential for strategic and operational synergies with our business. However, we may have limited experience in making such acquisitions and we may not be able to find suitable acquisition candidates or complete acquisitions on favorable terms, if at all. We may also face risks and uncertainties associated with such acquisition activities, such as (1) inherent valuation risks in connection with acquisitions or investments; (2) events beyond our control, including changes in regulations, technology and economic conditions, which could adversely affect our ability to realize the anticipated benefits, synergies, cost savings or efficiencies from such transaction; (3) failure to train, motivate, integrate and retain employees of acquired company or investee; (4) diversion of management time and attention from our existing operations to address the transactions and related challenges or those associated with integration processes; and (5) unanticipated write-offs or charges and impairment of goodwill. Even if we complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition we complete could be viewed negatively by customers or investors. We may also engage in other forms of business collaborations and relationships in the future, including strategic investments, partnerships and alliances. Negotiating such transactions can be time-consuming, difficult and costly, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals. We cannot assure you that these transactions will close or will lead to commercial benefit for us.

In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company or our collaborations. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management, and disrupt the ordinary functioning of our business. We may ultimately fail to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions. Furthermore, an acquisition could also materially impair our results of operations by causing us to incur debt or requiring us to amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity and regulatory compliance, as well as legal or contractual liabilities in businesses we acquire which we did not uncover prior to such acquisition. Therefore, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses or technologies could have a material adverse effect on our business, results of operations and financial condition.

In connection with the foregoing strategic transactions, we may issue additional equity securities that would dilute our Shareholders, use cash that we may need in the future to operate our business and incur substantial debts and liabilities. Such strategic transactions may also subject us to legal and regulatory scrutiny and increase our compliance costs. As a result, our business, results of operations and financial condition may be adversely affected.

The insurance coverage we have may not adequately protect us against all operating risks.

We have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. However, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. In particular, we do not carry insurance in respect of certain risks that we believe are not insured under customary industry practice in mainland China, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism and civil disorder. In addition, our insurers generally review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms, or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could materially and adversely affect our business, results of operations and financial condition.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business is subject to general economic and social conditions in China and other countries and regions where we operate. Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. For instance, typhoons, sandstorms, snowstorms, fires and droughts pose significant risks to the regions, including the cities where we conduct our operations. The potential occurrence or recurrence of any of these events could result in a slowdown of global economy or cause substantial disruptions to our operations, which could materially and adversely affect our business, results of operations, financial condition and prospects. Additionally, acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets. The potential for war or terrorist attacks may also harm or cause uncertainty to our business in ways that we cannot predict.

We may be the subject of unfair competition, harassing or other detrimental conduct by third parties including complaints to regulatory authorities, negative social media postings and the public dissemination of malicious statements related to us that could harm our reputation and affect our business operations.

As an established brand, our image is sensitive to the clients' perception of us as a business in entirety, which includes not only the quality our products, but also our corporate management and culture. We cannot guarantee that we may not be the subject of unfair competition, harassment or other detrimental conduct by third parties. Such conduct includes complaints to regulatory authorities, negative social media postings, and malicious assessments against us. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time. Additionally, allegations against us, may be disseminated by anyone, whether or not related to us. Social media often publish such content without verifying the accuracy of the content posted and without affording us an opportunity for redress or correction. We cannot assure you that our clarification or rectification measures when we face negative publicity will always be effective in the future. Any such detrimental conduct against our Company, Directors, employees, spokespersons or products, regardless of veracity, could harm our reputation, or lead to potential loss of consumer confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, results of operations, financial condition, reputation and prospects may be materially and adversely affected.

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT AND INTELLECTUAL PROPERTY RIGHTS OF OUR PRODUCTS

We have been and intend to continue investing significantly in research and development, and to the extent our research and development efforts are unsuccessful, our competitive position would be negatively impacted and our business, results of operations and financial condition would be adversely affected.

We have been investing, and expect to continue to invest, heavily in our research and development efforts. Our research and development expenses amounted to RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025. Our industry is subject to rapid technological changes and is quickly evolving in terms of technological innovation. We need to invest significant resources, including financial resources, in research and development to make technological advances in order to maintain the competitiveness of our products or expand our product offerings. As a result, we expect to continue to incur significant research and development expenses in the future.

However, we cannot guarantee that our efforts will achieve the outcomes as we anticipate. The outcomes of research and development activities are inherently uncertain. Even if we succeed in our research and development efforts and generate the results as we expect, we may still encounter practical difficulties in commercializing our products incorporating our research and development outcomes. 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.

Our research and development efforts may not translate into contribution to our results of operations for several years, if at all, and even when they do, such contributions may not meet our expectations, and we may never recover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

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

Our ability to protect our proprietary technology as well as our product from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights is critical to our long-term competitiveness. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China. As of the Latest Practicable Date, we had 81 granted patents in China, including 52 invention patents, 26 utility model patents and three design patents, and filed 33 patent applications which were pending approval. All of our patents are self-owned and not licensed by third-parties. See "Business—Intellectual Property Rights" for more details. The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may however fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

Even if we have identified, filed and prosecuted our intellectual property applications, our applications may not be granted or our intellectual property may be invalidated for multiple reasons, including known or unknown prior deficiencies in the intellectual property application or the lack of novelty of the underlying technology. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products. Governmental patent agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction.

Even if our intellectual property applications are approved, they may not be approved in a form that will provide us with meaningful protection from competition or with any competitive advantage. For instance, our competitors may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventor, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China and other jurisdictions. Further, although various extensions may be available, the life of a patent and the protection it affords is limited. If we fail to extend the life of our patents, we may face competition for any approved products even if we successfully obtain patent protection once the patent life has expired for the product.

Any of the foregoing could materially and adversely affect our business, results of operations, financial condition, competitive position and prospects.

We may not be able to adequately protect our intellectual property rights, and uncertainty regarding the validity, enforceability or scope of our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We strive to strengthen and differentiate our product portfolio by developing new products and making product improvements. As a result, we regard our intellectual property as critical to our success. We will continue to rely on a combination of patents, trade secrets, know-how, trademarks and copyrights to protect our intellectual property, but this protection may be inadequate. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved or, if allowed, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect any competitive advantage we enjoy, dilute our brand and materially and adversely affect our business, results of operations and financial condition.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. The holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us or may otherwise make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to and relied on by us that are subject to infringement or other similar allegations or claims by third parties which may damage our ability to rely on such technologies. In addition, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative research and development activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

The defense of claims, including patent infringement suits and related legal and administrative proceedings, can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to pay damage awards, seek licenses from third parties or pay additional ongoing royalties, which could decrease our profit margins, redesign our products or be restricted by injunctions.

These factors could effectively prevent us from pursuing some or all of our businesses and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material and adverse effect on our business, results of operations and financial condition.

We may be exposed to infringement or misappropriation claims by or disputes with third parties, which could cause us to lose significant rights and pay substantial damages.

Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often uncertain. Our products and technologies and any uses of our products and technologies could infringe third parties' intellectual property rights. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from our business operations. In addition, our employees could have used third parties' proprietary know-how or trade secrets during their employment with us, which could result in litigation against us. Prior to our development of major new products, our competitors may make filings for patent protection that may not be publicly available and which our new products may infringe. If third parties successfully assert their intellectual property rights against us, we might be barred from using certain aspects of our technology or barred from developing and commercializing certain products, or we may be required to pay burdensome royalties to license their products. If we are unsuccessful in defending against allegations that we have infringed, misappropriated or otherwise violated intellectual property rights of others, we may be forced to pay substantial damage awards to the plaintiff. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not be successful, the failure of which may have a material adverse effect on our business, results of operations and financial condition.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the relevant patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. If our patent rights are compromised, we may lose market share to our competitors, which would materially and adversely affect our business.

We may be unable to protect the confidentiality of our trade secrets, and we may be subject to claims that we, or our employees or our business partners have wrongfully used or disclosed trade secrets allegedly owned by others.

In addition to our registered patents and patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. There can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and/or is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. We may not obtain agreements with our employees that obligate them to assign any inventions created during their work for us to us in all circumstances and the assignment of intellectual property under such agreements may not be self-executing. It is possible that technology relevant to our business will be independently developed by a person that is not a party to such agreement. Furthermore, if the employees who are parties to these agreements breach the terms of these agreements, we may not have adequate remedies for any such breach, and we could lose our trade secrets and inventions through such breaches. Any legal proceedings asserting our trade secrets could be time-consuming and costly, and may not yield successful results.

RISKS RELATING TO OUR FINANCIAL CONDITION AND NEED FOR ADDITIONAL CAPITAL

We have incurred significant net losses, net current liabilities, accumulated losses and had a net deficit position during the Track Record Period, and may not be able to achieve or subsequently maintain profitability in the near future.

We have incurred net losses in the past. In 2023, 2024 and 2025, we incurred loss for the year of RMB168.8 million, RMB168.8 million and RMB170.6 million, respectively. In addition, we also recorded net current liabilities of RMB642.8 million, RMB886.7 million and RMB1,001.8 million as of December 31, 2023, 2024 and 2025, respectively. We may continue to incur net losses or net current liabilities in the short term, as we are in the stage of expanding our business and operations in the rapidly growing robotic precision transmission solution industry and are continuously investing in research and development. We may not be able to achieve or subsequently maintain profitability in the near future. Our net losses during the Track Record Period were primarily due to (1) the downstream markets of our products remained in a growth stage with demand being released gradually; (2) in anticipation of the growing market demand, we made early investments in production capacity, resulting in higher costs such as depreciation and manufacturing overhead costs; and (3) the significant investments in our R&D efforts. Our cost of sales and operating expenses may further increase as we continue to (1) expand our business in more downstream sectors where precision and reliability are critical, (2) invest in our research and development initiatives to maintain our competitiveness in the market and (3) engage in sales and marketing activities to increase our market shares in the robotic precision transmission solution industry, while we have not yet achieved economies of scale.

Our future profitability will depend on a variety of factors, including (1) sustained R&D investment and technological breakthroughs that maintain our competitive edge, (2) increased demand from downstream sectors and such emerging downstream applications where our products are becoming critical enablers, and (3) continued market expansion of our products. Our revenue also may not grow at the rate we expect, if at all, and it may not increase sufficiently to offset the increase in our costs and expenses. As a result, we may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

As of December 31, 2025, we had accumulated losses of RMB881.0 million. These accumulated losses may restrict our ability to pay dividends under PRC law and may impair our access to future financing. In addition, we had total deficit of RMB820.6 million as of December 31, 2025. Our net deficit position exposes us to liquidity risk. Our future liquidity, payment of trade and other payables, capital expenditure plans, and repayment of any outstanding debt obligations as they come due will depend largely on our ability to generate enough cash from operations and obtain adequate external financing.

Deficit position may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

We are subject to risks related to a relatively long cash conversion cycle.

We have a relatively long cash conversion cycle. Our cash conversion cycle, calculated as inventory turnover days in each year plus the trade receivable turnover days in the respective period minus the trade payables turnover days in the respective period, was 528 days, 538 days and 325 days in 2023, 2024 and 2025, respectively, which was largely driven by (1) our inventory turnover days at 376 days, 355 days and 184 days for the same periods, respectively and (2) trade receivables turnover days at 201 days, 246 days and 207 days for the same periods, respectively. We had relatively high inventory turnover days, primarily due to (1) our vertically integrated production model, which necessitates holding inventory across multiple stages of the production process; and (2) our wide range of product specifications and certain customized product offerings, which require us to maintain safety stock and work-in-process inventory to meet diverse customer requirements in a timely manner. Furthermore, according to the CIC Report, it is an industry norm for manufacturers in the harmonic reducer industry to have relatively long inventory turnover days due to the inherently lengthy production cycle from order placement to actual production. Our trade receivables turnover days remained relatively long during the Track Record Period, primarily because (1) we generally grant a credit period of up to 180 days to our major customers. This credit policy is in line with the industry practice of the harmonic reducer industry, where downstream manufacturers often face lengthy project inspection and settlement cycles, according to the CIC Report; and (2) we provide further credit flexibility to customers with proven creditworthiness and substantial procurement scales. We believe such arrangements are conducive to strengthening our market position and fostering long-term strategic partnerships.

We have been and will continue to implement inventory management measures to enhance inventory turnover and working capital status. For details, see "Financial Information—Discussion of Certain Balance Sheet Items." However, such measures may not always be effective or be implemented as we desire. If we cannot manage our inventory balance efficiently or match the turnover of our trade receivables and trade payables appropriately, we may have a longer cash conversion cycle. With respect to our inventory turnover, we cannot assure you that we can timely and effectively sell our inventories or we will not stock up inventories in case of supply chain disruptions, strategic considerations or other reasons, which could increase our inventories and prolong our inventory turnover. A long cash conversion cycle could add pressure to our working capital and, if we cannot fund our working capital needs with our cash reserves or operating cash flows, we may have to obtain external financing to support our operations, which may not always be adequate or timely, or come in acceptable terms, if at all. As a result of such prolonged cash conversion cycle, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

If we are unable to manage our inventory risks efficiently or the proportions and amount of our write-down of inventories further increase, our business, results of operations and financial condition may be adversely affected.

We had inventories of RMB74.3 million, RMB86.9 million and RMB111.5 million as of December 31, 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our inventory turnover days were 376 days, 355 days and 184 days, respectively. Our inventory turnover days remained relatively long during the Track Record Period, primarily due to (1) our vertically integrated production model, which necessitates holding inventory across multiple stages of the production process; and (2) our wide range of product specifications and certain customized product offerings, which require us to maintain safety stock and work-in-process inventory to meet diverse customer requirements in a timely manner. Furthermore, according to the CIC Report, it is an industry norm for manufacturers in the harmonic reducer industry to have relatively long inventory turnover days due to the inherently lengthy production cycle from order placement to actual production. Therefore, our robotic precision transmission solutions, especially harmonic reducers, may quickly become outdated due to fast-changing trends and constant technological advancements, and any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

We historically received government grants and we may not receive such grants or subsidies in the future.

We recognized government grants of RMB4.0 million, RMB6.6 million and RMB8.1 million in 2023, 2024 and 2025, respectively. However, these policies may be subject to changes that are beyond our control. We cannot assure you that favorable government policies will continue. In addition, the timing, amount and conditions of government grants are within the sole discretion of the governmental authorities. Governmental authorities may require us to perform certain contractual obligations before we could receive such grants, and we cannot assure you that we could always fully satisfy these conditions or perform the obligations. In such cases, the governmental authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trends in government grants could adversely affect our business, results of operations and financial condition.

We recorded net operating cash outflows historically and there can be no assurance that we will not have net cash outflow from operating activities in the future.

We recorded net cash used in operating activities of RMB35.2 million, RMB33.7 million and RMB63.4 million in 2023, 2024 and 2025, respectively. See "Financial Information—Liquidity and Capital Resources—Cash Flows." We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. As a result, our business, results of operations and financial condition may be adversely affected.

We may need additional capital for business growth, product development and technology R&D programs and marketing efforts. If we are unable to raise capital in a timely manner or on acceptable terms, or at all, we could incur losses and be forced to delay, reduce or eliminate such efforts.

We may require additional capital beyond that generated by the operating activities from time to time to carry out research and development activities for developing and enhancing our products and technologies, grow our business and better serve our customers, among other things. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our and H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders. Our ability to maintain or obtain additional capital in a timely manner or on commercially acceptable terms is subject to various factors, including general market conditions for capital raising activities by our peers as well as economic, political and other conditions in China, Hong Kong and globally. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our research and development and business growth could be significantly impaired, and our business and prospects may be adversely affected.

We are subject to credit risk relating to certain trade receivables, and any significant default on our trade receivables could materially and adversely affect our liquidity, financial condition and results of operations.

We are exposed to credit risks related to our customers. As of December 31, 2023, 2024 and 2025, our trade and other receivables amounted to RMB84.7 million, RMB95.0 million and RMB238.5 million, respectively. Our impairment loss on trade and other receivables for 2023, 2024 and 2025 amounted to RMB1.9 million, RMB1.7 million and RMB8.2 million, respectively. See "Financial Information—Discussion of Certain Balance Sheet Items—Trade and Other Receivables." If any of our customers experience financial difficulties in settling the trade receivables due to factors beyond their control such as adverse changes in the competitive landscape and government policies of the industries in which they operate, our corresponding trade receivables recoverability might be adversely affected. Our trade receivable balance may continue to grow alongside our normal course of business, which may increase our risks for uncollectible receivables. If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, results of operations and financial condition.

Our ability to meet our financial obligations largely depends on the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we encounter difficulties in generating sufficient cash to repay our outstanding financial liabilities, our liquidity, business, results of operations and financial condition may be adversely affected, and we may not be able to expand our business.

We have granted and may continue to grant share-based awards in the future, which may result in increasing share-based payment expenses or shareholder dilution.

We established our employee share ownership platform in December 2017 for the purpose of, among others, closely aligning the interests of the incentive recipients with those of the shareholders and ensuring their actions align with the company's strategic goals. See "History and Corporate Structure—Employee Share Ownership Platform." We recorded equity-settled share-based payment expenses of nil, nil and RMB3.2 million in 2023, 2024 and 2025, respectively. We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based payment to employees in the future. Issuance of additional Shares with respect to share-based payment may dilute the shareholding percentage of our existing Shareholders. Our expenses associated with share-based payment may increase, which may have an adverse effect on our results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in the economic, political or social conditions, laws, regulations or government policies in PRC could have a material adverse effect on our business and operations.

During the Track Record Period, substantially all of our revenue was derived from our businesses in China. Accordingly, our business, results of operations, financial condition and prospects are, to a material extent, subject to economic, political and legal developments in China. In particular, factors such as corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business.

The PRC economy has experienced significant growth over the past decades since the implementation of China's reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be affected.

Governmental supervision of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may limit our ability to pay dividends and other obligations, and adversely affect the value of your investment.

The PRC government imposes supervision on the convertibility of Renminbi into foreign currencies. Substantially all of our transactions are denominated in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers, if any. 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 Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as direct investments, repayment of loans denominated in foreign currencies, repatriation of investments and investments in securities outside of China. Failure to obtain approval from or complete registration with competent government authorities related to overseas direct investments may result in cessation of the implementation of relevant projects, restrictions on the remittance of Renminbi into or out of China, or even legal of administrative liabilities. If the foreign exchange regulatory policies prevent 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. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Changes to the foreign investment policy in the PRC may restrict our current or prospective business activities.

The investment activities of foreign investors in the PRC are subject to certain regulations regarding the industry participated and imposed to additional verification procedures by certain authorities. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Revision) (外商投資准入特別管理措施(負面清單) (2024年版)) (the "Negative List") issued by the NDRC and MOFCOM on September 6, 2024, effective on November 1, 2024, which sets out in a unified manner the restrictive measures for the access of foreign investments such as the requirements for equity and senior management, and the industries that are prohibited for foreign investment. The Negative List covers 11 industries, and any field not covered by the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. As of the Latest Practicable Date, our main business in China had not fallen within the Negative List. However, certain industries are specifically prohibited for foreign investment, which may restrict us from entering into these industries afterwards. Also, as the Negative List could be updated in the future, there can be no assurance that part of our business in China will not fall under the Negative List as a result of such updates. If we cannot obtain approval from relevant approval authorities to engage in a business in China that becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, results of operations and financial condition may be adversely affected.

Failure to comply with rapidly evolving governmental regulations and other legal obligations concerning data protection and cybersecurity may materially and adversely affect our business, as we routinely collect, store and use data during the conduct of our business.

We are subject to various regulatory requirements relating to cybersecurity and data privacy in the PRC, including the PRC Data Security Law (中華人民共和國數據安全法) and the Cybersecurity Law of PRC (中華人民共和國網絡安全法). We are required to ensure that our data processing activities are carried out in a lawful, legitimate, specific and clear manner. In the course of conducting our business, the data we collect mainly pertains to employee information, customer and supplier contact information and other data necessary for operation and management. Due to our business nature, we do not engage in collecting personal information through public channels such as operational websites, apps, or mini-programs on internet platforms. However, we may still incur expenses to comply with laws and regulations relating to data privacy, data security and consumer protection, as well as relevant industry standards and contractual obligations.

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. We may also be subject to additional or new laws and regulations regarding the protection of personal information and important data or privacy related matters in connection with our methods for data collection, analysis, storage and use. If we are unable to comply with the applicable laws and regulations or effectively address data privacy and protection concerns, such actual or alleged failure could damage our reputation, discourage customers from purchasing our products and subject us to significant legal liabilities.

As of the Latest Practicable Date, we are not applicable to the declaration of cybersecurity review, on the basis that: (1) we had not been notified of being classified as a critical information infrastructure operator. (2) We have not received any material queries or notifications from any PRC governmental authorities, have not received any notification with regard to cybersecurity review, and have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection. (3) Our business does not involve the cross-border transfer of personal information and important data. (4) During the Track Record Period and up to the Latest Practicable Date, there had not been a significant cybersecurity or data protection incident regarding theft, leakage, damage or loss of data or personal information. (5) Based on the consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center ("CCRC"), Hong Kong is not included in the definition of "abroad" hereof and listing in Hong Kong is not in the scope of "listing abroad" (國外上市), which is not explicitly required to apply for a cybersecurity review.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our reputation, business, results of operations and financial condition. Furthermore, the PRC government from time to time adjusts or changes its tax laws and regulations. Further adjustments or changes to PRC tax laws and regulations, together with any uncertainty resulting therefrom, could also have an adverse effect on our business, results of operations and financial condition.

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

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the "IIT Law") and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax issued by the MOF and SAT (財政部、國家稅務總局關於個人所得稅若干政策問題的通知) (Cai Shui Zi [1994] No. 020) on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Cai Shui Zi [1998] No. 61) issued by the MOF and SAT on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, the relevant tax rules or their interpretation may change in the future, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a rate of 10%. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. For details, see "Regulatory Overview—Regulations on PRC Tax."

Despite the arrangements mentioned above, there remain significant uncertainties as to the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities and the PRC tax laws and regulations may also change, which may adversely affect the value of your investment in our H Shares.

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

We are a company incorporated under the PRC laws, and the vast majority of our assets and subsidiaries are currently located in China. Substantially all of our Directors and senior management reside within China. The assets of these Directors and senior management also may be located within China. As a result, it may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

On January 14, 2019, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), which took effect on January 29, 2024. The 2019 Arrangement seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant mainland China and Hong Kong court.

RISKS RELATING TO THE GLOBAL OFFERING

An active trading market for our H Shares may not develop or be sustained.

Prior to the completion of the Global Offering, there has been no public market for our H Shares. We cannot assure you that an active trading market for our H Shares with adequate liquidity will develop or be sustained following the completion of the Global Offering. The initial Offer Price is the result of negotiations between our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following the completion of the Global Offering. The market price of our H Shares may drop below the initial Offering Price at any time following the Global Offering.

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Shares, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our customers and suppliers, movements or activities of key personnel, or actions taken by competitors.

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

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

While investors subscribing shares in the Global Offering are not subject to any restrictions on the disposal of the H Shares they subscribed (except as disclosed in "Information about this Prospectus and the Global Offering—Restrictions on Offers and Sales of the H Shares"), they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the Global Offering for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the Listing Date.

Any sale of the H Shares subscribed by such investors pursuant to such arrangement or agreement could adversely affect the market price of our H Shares and any sizeable sale could have a material and adverse effect on the market price of our H Shares and could cause substantial volatility in the trading volume of our H Shares.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which may negatively impact the market price of H Shares.

According to the stipulations by the State Council's securities regulatory authority and the Articles of Association, our Unlisted Shares may be converted into H Shares and such converted H Shares may be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted shares, the requisite internal approval processes have been duly completed, the filing with the CSRC and the requisite regulatory approvals have been completed, and the requirements and procedures prescribed by the related regulations and guidelines have been satisfied. In addition, such conversion, trading and listing must comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. We can apply for the listing of all or any portion of our Unlisted Shares on the 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 Stock Exchange and delivery of shares for entry on the H Share register. This could increase the supply of H Shares in the market, and future sales, or perceived sales, of the converted H Shares may adversely affect the market price of H Shares.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. We cannot assure you that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Certain facts, forecasts and statistics contained in this prospectus are derived from various official government sources.

We have derived certain information and statistics in this prospectus, particularly the section headed "Industry Overview," from various official government sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor-OC, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, and the Capital Market Intermediary or any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price for H Shares and trading volume could decline.

The trading market for our H Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our H Shares, the market price for our H Shares would likely decline.

If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of or trading volume for our H Shares to decline.

Fluctuations in exchange rates may result in foreign currency exchange losses and may have a material adverse effect on your investment.

During the Track Record Period, substantially all of our revenue and expenditures were denominated in Renminbi, and substantially all of our financial assets were also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For example, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including proceeds from the Global Offering, as Renminbi is the functional currency of our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

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

There had been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering. We have not authorized the disclosure of any information concerning the Global Offering 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 the 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 prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Global Offering, we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 and Rule 19A.15 of the Listing Rules, all applicants applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of the applicant's executive directors must be ordinarily resident in Hong Kong.

Our Company's business operations and assets are primarily located outside Hong Kong. Our Company's executive Directors are based in the PRC as our Board believes it is more effective and efficient for our executive Directors to be based in a location where our substantial operations are located. Our Company therefore does not, and in the near future will not, maintain management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(1) We have appointed Mr. Zhang, our executive Director, and Mr. Zhou Wenjun (周文俊) ("Mr. Zhou"), our joint company secretary as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. They will serve as the principal channel of communication with the Stock Exchange and make themselves readily available to communicate with the Stock Exchange. Each of Mr. Zhang and Mr. Zhou can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange. The contact details of our authorized representatives have been provided to the Stock Exchange.

(2) All Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange. In addition, each Director has provided his/her contact details, including mobile phone numbers, office phone numbers, fax numbers and email addresses, to the extent possible, to our authorized representatives and to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact of the Directors. Both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. In the event that a Director expects to be traveling or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation or other contact information to our authorized representatives to ensure that each of our authorized representatives will be able to contact all our Directors promptly at all times if and when the Stock Exchange wishes to contact our Directors.

(3) We have appointed Somerley Capital Limited as our compliance advisor in accordance with Rule 3A.19 of the Listing Rules, which will serve as an additional and alternative channel of communication with the Stock Exchange in addition to our authorized representatives. The compliance advisor will have reasonable access, at all times during the term of their appointment, to our authorized representatives, Directors and other officers of our Company, participate in the communication between the Stock Exchange and our Company and answer inquiries from the Stock Exchange.

(4) Any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives or our compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor.

(5) We intend to retain our Hong Kong legal advisors on on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

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

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

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

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(1) length of employment with the issuer and other issuers and the roles he/she has undertaken;

(2) 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;

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

(4) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Zhou as one of our joint company secretaries. Mr. Zhou joined our Group in September 2021 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. Mr. Zhou has actively participated in the preparation of the application for the Listing and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Mr. Zhou's expertise and backgrounds, our Directors consider that Mr. Zhou is capable of discharging the functions of a company secretary and is suitable to perform such role.

As Mr. Zhou currently does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on his own, we have appointed Ms. Li Yee Ching (李漪澄) ("Ms. Li"), who is qualified under Rule 3.28 of the Listing Rules to act as the other company secretary and to work closely with and provide assistance to Mr. Zhou for an initial period of three years commencing from the Listing Date.

The following arrangements have been, or will be, put in place to assist Mr. Zhou in acquiring the qualifications and experience as the joint company secretaries of our Company required under Rules 3.28 and 8.17 of the Listing Rules:

(1) In the course of the preparation of the application for the Listing, Mr. Zhou has been provided with a memorandum and has attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisors.

(2) In addition to the minimum training requirements under Rule 3.29 of the Listing Rules, our Company will ensure that Mr. Zhou continues to have access to relevant training and support to familiarize himself with the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that Mr. Zhou and Ms. Li will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.

(3) Ms. Li will assist Mr. Zhou to acquire the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge their duties as company secretaries. Mr. Zhou will be assisted by Ms. Li for an initial period of three years commencing from the Listing Date. As part of the arrangement, Mr. Zhou will act as one of the joint company secretaries and communicate regularly with Ms. Li on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. She will also assist Mr. Zhou in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary.

(4) Our Company has appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange and provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Li ceases to provide such assistance or ceases to meet the requirements under Rule 3.28 of the Listing Rules, or if there are material breaches of the Listing Rules by our Company during the three-year period from the Listing Date. We must demonstrate and seek the Stock Exchange's confirmation that Mr. Zhou, having had the benefit of Ms. Li's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" for the biographical details of Mr. Zhou and Ms. Li.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which our Directors (including any proposed director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

FILING PROCEDURES WITH THE CSRC

We filed with the CSRC for the application to list our H Shares on the Stock Exchange and the Global Offering on January 3, 2026. The CSRC subsequently confirmed our completion of filing application procedures on May 19, 2026. In completing such filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this prospectus.

GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Capital Market Intermediary, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sponsor-Overall Coordinator. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriter subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or about the Price Determination Date.

The Offer Price is expected to be determined by agreement between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Friday, June 26, 2026. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Friday, June 26, 2026, the Global Offering will not proceed and will lapse.

See the section headed "Underwriting" for further information about the Underwriters and the underwriting arrangements.

DETERMINATION OF THE OFFER PRICE

The H Shares are being offered at the Offer Price which will be determined by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us on or before Friday, June 26, 2026 or such later date as may be agreed upon between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and us, and in any event no later than 12:00 noon on Friday, June 26, 2026. If the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on such date, the Global Offering will not proceed.

INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the H Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

RESTRICTIONS ON OFFERS AND SALES OF THE H SHARES

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the H Shares to, confirm that he is aware of the restrictions on offers of the H Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the general distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Conversion of Unlisted Shares into H Shares, on the basis that, among other things, we satisfy the requirement under Rule 18C.03 of the Listing Rules as a Commercial Company (as defined in the Listing Rules) with reference to our expected market capitalization at the time of Listing, which, based on the Offer Price, exceeds HK$4 billion.

Under section 44B(l) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the H Shares to be listed on the Stock Exchange pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the Global Offering or such longer period not exceeding six weeks as may, within the said three weeks, be notified to us by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

All the Offer Shares will be registered on our H Share register of members in order to enable them to be traded on the Stock Exchange. None of our share or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or is expected to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares."

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained in the PRC and our H Share register of members will be maintained by our H Share Registrar, Tricor Investor Services Limited in Hong Kong.

All Offer Shares will be registered on our H Share register of members. Dealings in the H Shares registered on our H Share register of members will be subject to Hong Kong stamp duty.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not close associates (as such term is defined in the Listing Rules) of any of our Directors or any existing Shareholders or a nominee of any of the foregoing.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the H Shares or exercising any rights attaching to the H Shares. We emphasize that none of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, the Capital Market Intermediary, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the H Shares or your exercise of any rights attaching to the H Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, (1) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.8109 to US$1.00, being the PBOC rate prevailing on the Latest Practicable Date, (2) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.8693 to HK$1.00, being the PBOC rate prevailing on the Latest Practicable Date, and (3) the translation between U.S. dollars and Hong Kong dollars were made at a rate of US$1.00 to HK$7.8353, calculated based on the PBOC rate prevailing on the Latest Practicable Date.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC and foreign national, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus are translations of their Chinese names and are included for identification purpose only. If there is any inconsistency, the names in their original languages shall prevail.

The English names of companies incorporated in the PRC are translations from their Chinese names and included for identification purpose only.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional in Hong Kong at or before 8:00 a.m. in Hong Kong on Tuesday, June 30, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, June 30, 2026. The H Shares will be traded in board lots of 100 H Shares each, the stock code of the H Shares will be 3952.

OTHER

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhang Jie (張傑)	Room 2402, Building 1-1 Bailu Jinwan Yijiang Garden No. 188 Zhixiang Road Shengzhou City Shaoxing Zhejiang Province PRC	Chinese
Mr. Wu Di (吳迪)	Room 101, Building 11 Tao Yuan Residential Compound No. 2 Qiwu Road, Hongjing Avenue Jiangning District Nanjing City Jiangsu Province PRC	Chinese
Ms. Wang Haiying (王海鷹)	Room 403, Unit 2 No. 37 Taoyuan Road Ganlin Town Shengzhou City Shaoxing Zhejiang Province PRC	Chinese
Mr. Zhang Han (張瀚)	Room 401, Unit 2, Building 3 Jinyuan Huating Residential Compound No. 99 Chengchang Road Shengzhou City Shaoxing Zhejiang Province PRC	Chinese
Non-executive Directors		
Mr. Cui Zhiyuan (崔志遠)	Room 1610, Building 16 No. 305 Guang'anmen Outer Street Xicheng District Beijing PRC	Chinese

Name	Address	Nationality
Mr. Huang He (黃河)	Room 302, Unit 2, 19th Floor Xinfu Jiayuan Dongcheng District Beijing PRC	Chinese
Mr. Li Chengsheng (李程晟)	Room 25C, Building 7B Jinhong Kaixuan City No. 20 Xinan 1st Road Shenzhen City Guangdong Province PRC	Chinese
Independent non-executive Directors		
Mr. Feng Yun (馮贇)	Flat C, 43/F, South Tower 1 38 Bel-Air Avenue Residence Bel-Air, Island South (Phase II) Pok Fu Lam Hong Kong	Chinese
Dr. Li Jun (李俊)	No. 41-6, Group H2 Shangbang Golf International Community Jinfeng Town High-Tech Zone Chongqing PRC	Chinese
Mr. Lou Yu (樓宇)	Room 206, Lanxi Yuan Yueju Town Community Wen Yue Road Shijia'ao Administrative Village Ganlin Town Shengzhou City Shaoxing Zhejiang Province PRC	Chinese
Ms. Tian Chunshan (田春杉)	Room 501, No. 19 Lane 177 Rongke Road Pudong New Area Shanghai PRC	Chinese

For the biographies and other relevant information of our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Sponsor-Overall Coordinator	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Sole Global Coordinator	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Sole Bookrunner	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Sole Lead Manager	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Capital Market Intermediary	**CMB International Capital Limited** 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Baker & McKenzie** 14/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong

As to PRC laws:
Haiwen & Partners
20/F, Fortune Financial Center
5 Dong San Huan Central Road
Chaoyang District
Beijing
PRC

As to International Sanctions law:
Commerce & Finance Law Offices LLP
45 Rockefeller Plaza
Suite 2000
New York, NY 10111

Legal Advisors to the Sole Sponsor and the Underwriters

As to Hong Kong laws:
Jingtian & Gongcheng LLP
Suites 3203-3209
32/F Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC laws:
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Reporting Accountants and Independent Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
Central
Hong Kong

Independent Industry Consultant

China Insights Industry Consultancy Limited
10F, Block B, Jing'an International Center
88 Puji Road
Jing'an District
Shanghai 200070
China

Receiving Bank

CMB Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

Registered Office in the PRC	Industrial Park, Ganlin Town Shengzhou City Zhejiang PRC
Headquarters and Principal Place of Business in the PRC	Industrial Park, Ganlin Town Shengzhou City Zhejiang PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Websites	**www.laifual.com** *(Information contained on these websites does not form part of this prospectus)*
Joint Company Secretaries	**Mr. Zhou Wenjun (周文俊)** Industrial Park Ganlin Town Shengzhou City Zhejiang PRC **Ms. Li Yee Ching (李漪澄)** Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Zhang Jie (張傑)** Room 2402, Building 1-1 Bailu Jinwan Yijiang Garden No. 188 Zhixiang Road Shengzhou City Shaoxing Zhejiang Province PRC **Mr. Zhou Wenjun (周文俊)** Industrial Park Ganlin Town Shengzhou City Zhejiang PRC

Nomination Committee	Mr. Zhang Jie (張傑) *(Chairman)* Dr. Li Jun (李俊) Ms. Tian Chunshan (田春杉)
Audit Committee	Ms. Tian Chunshan (田春杉) *(Chairlady)* Mr. Feng Yun (馮贇) Dr. Li Jun (李俊)
Remuneration and Appraisal Committee	Mr. Feng Yun (馮贇) *(Chairman)* Mr. Zhang Jie (張傑) Mr. Lou Yu (樓宇)
Compliance Advisor	**Somerley Capital Limited** 20th Floor China Building 29 Queen's Road Central Hong Kong
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks	**Bank of China Shengzhou Ganlin Branch** No. 2 Taoyuan Road Ganlin Town Shengzhou City Zhejiang Province PRC
	China Merchants Bank Co., Ltd Shaoxing Shengzhou Branch Quantum Core Building No. 339, Guanhe South Road Sanjiang Street Shengzhou City Zhejiang Province PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC report, an independent industry report, in connection with the Global Offering. We believe that these sources are appropriate sources for such information and statistics and reasonable care has been exercised by us in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, the Capital Market Intermediary or any of our or their respective directors, senior management, representatives or any other person involved in the Global Offering and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned CIC to conduct an analysis of and to prepare a report on the major markets for which our China's robots and precision transmission solutions market are positioned. We have contracted to pay RMB1.01 million to CIC. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report. CIC's services include industry consulting, commercial due diligence, strategic consulting, and etc. Its consulting team has been tracking the latest market trends across various industries, where it has relevant and insightful market intelligence.

The CIC Report was compiled based on the following assumptions: (1) the overall social economic and political environment globally and in China is expected to remain stable during the forecast period; (2) the economic and industrial development globally and in China is likely to maintain a steady growth trend over the next decade; (3) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (4) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

In compiling and preparing the CIC Report, CIC used the following key methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent's information and views against those of others: (1) secondary research, which involved reviewing published sources including national statistics, annual reports of listed companies, industry reports and data based on CIC's own research database; and (2) primary research, which involved in-depth interviews with the industry participants.

CIC's projections are made based on various market determinants and their coefficients assigned to a market which indicate their relative importance. The market determinants represent both subjective assumptions and objective factors, therefore, the projected data may not be consistent with the real data.

Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the market information since the date of the CIC Report that would materially qualify, contradict or impact such information.

CHINA'S ROBOTS AND PRECISION TRANSMISSION SOLUTIONS MARKET

The Evolution of Robots

A robot is a machine equipped with physical, mechanical components that enable movement along one or more axes and interaction with the physical world.

After decades of steady progress, robots are now approaching a phase of accelerated growth, driven by a series of technological breakthroughs. Most notably, advances in artificial intelligence, particularly in multi-modal large language models and vision-language-action (VLA) models, are catalyzing a fundamental shift in robot capabilities.

Robots are evolving from pre-programmed systems into increasingly autonomous agents with integrated perception, decision-making, and action, allowing them to operate in open and complex environments. This technological transformation is expanding the scope of commercially viable use cases and supporting the transition of robots toward broader, scalable market adoption.

Categorization of Robots

In response to increasingly diverse downstream industry requirements, the robotics sector has expanded into a range of differentiated product types. Based on core application scenarios and functional characteristics, robots can be broadly classified into the following main categories:

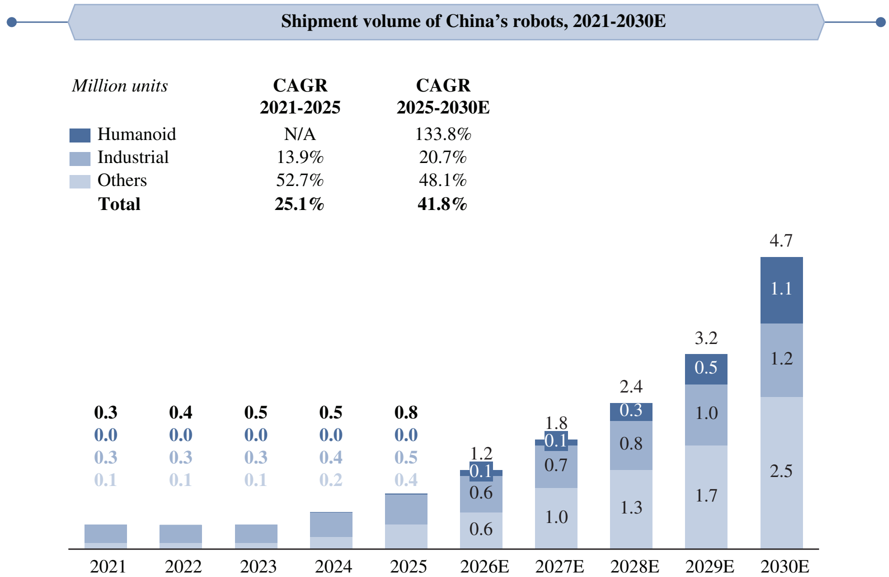
- **Humanoid robots** possess a human-like form and mobility. By integrating multi-modal large models with increasingly generalizable control and perception capabilities, they are designed to support cross-task adaptation and flexible operation across varied scenarios. Their core advantage lies in the ability to simulate human behavior and perform composite "mobility + manipulation" tasks in complex, unstructured environments, positioning them for broad application potential.

- **Industrial robots** are primarily deployed in automated manufacturing and logistics settings. They are designed for highly repetitive, high-precision and high-intensity tasks such as welding, assembly, palletizing and material handling. Key categories include six-axis robots, collaborative robots (cobots), AGV and autonomous mobile robot (AMR) and other types such as Delta, Scara and Cartesian coordinate robots.

- **Other robots** primarily include service robots and specialized robots tailored for non-manufacturing applications. Service robots assist and work alongside humans in a variety of tasks across commercial and public service sectors, such as delivery, cleaning and hospitality. Specialized robots are designed for high-risk or extreme environments, where they perform critical missions such as exploration, rescue operations and medical surgery.

Growth Potential of Robots Market in China

China has established itself as the world's largest robotics market and is projected to maintain robust growth momentum. The robotics shipments in China are expected to expand from approximately 0.8 million units in 2025 to approximately 4.7 million units in 2030, representing a CAGR of 41.8%. In terms of revenue, the robots market in the globe and China are expected to expand from approximately RMB547.2 billion and RMB200.3 billion in 2025 to approximately RMB1,289.2 billion and RMB491.4 billion in 2030.



Source: CIC, Expert Interviews, News, Annual Reports

- ***Humanoid robots***. As a new generation of general-purpose robots, the humanoid robot market stands at the brink of explosive growth, with a growth rate significantly outpacing other robotics segments. Leveraging their human-like form and mobility, along with core advantages in versatility and task generalization, humanoid robots are capable of performing composite "mobility + manipulation" tasks in complex, unstructured environments—thereby transcending the limitations of traditional robotic applications. With the continuous maturation of embodied intelligence technologies and the gradual optimization of supply chain costs, humanoid robots are steadily progressing toward large-scale commercial deployment. Shipments in the humanoid robot market are projected to grow from approximately 15.2 thousand units in 2025 to approximately 1.1 million units in 2030, representing a CAGR of 133.8%.

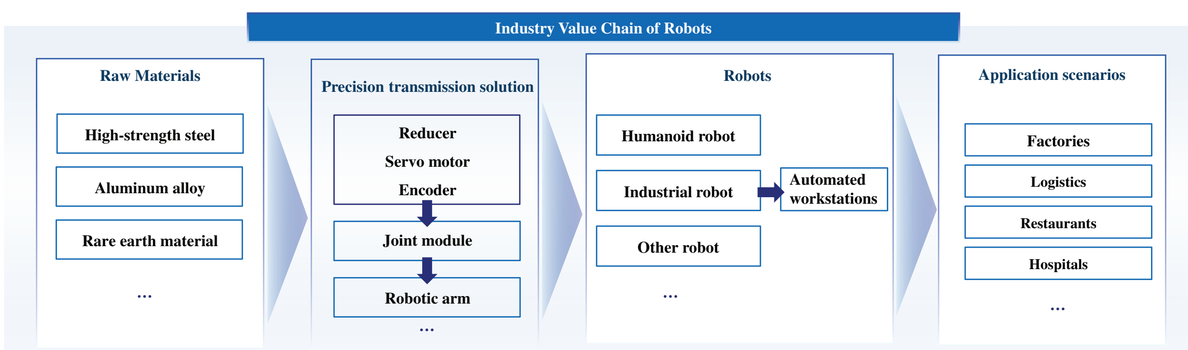
- ***Industrial robots***. Industrial robots represent the most established and commercially mature segment of the robotics industry, characterized by well-defined applications in structured environments such as factories, and clear return on investment. Currently, industrial robots account for the largest share of robot shipments in China, forming the most substantial and stable foundation of the robotics sector. Against the backdrop of rising labor costs and the ongoing transition to carbon neutrality, manufacturers face multiple challenges. Labor shortages are exacerbated by shifting employment preferences, particularly among younger workers who increasingly reject repetitive and physically demanding tasks. This has led to a structural shortage of production line operators, further accelerating the push to replace human labor with robots. The rapid expansion of strategic emerging industries, such as new energy vehicles, lithium batteries, and photovoltaics, are further driving an increased adoption of industrial robots. Shipments of industrial robots are projected to grow from approximately 0.4 million units in 2025 to approximately 1.2 million units by 2030, representing a CAGR of 20.7%.

- ***Other robots***. Demographic changes and labor shortages are accelerating the adoption of service robots in commercial and domestic settings to improve operational efficiency and quality of life. On the other hand, heightened requirements for personnel safety in high-risk environments, such as emergency rescue and scientific exploration, are sustaining demand for specialized robotic solutions. As a result, aggregate shipments in this category are projected to increase from approximately 0.4 million units in 2025 to approximately 2.5 million units by 2030, representing a CAGR of 48.1%.

Precision Transmission Solutions: The Foundation of Robotic Accuracy and Performance

Precision transmission solutions are critical for enabling robots to achieve accurate movement and interaction. By integrating core components such as precision reducers and servo motors, these solutions efficiently convert electrical energy into precise mechanical motion. The performance of these components directly determines a robot's strength, speed, accuracy, and reliability, forming the foundation of its 'musculoskeletal framework' and powering every nuanced movement with exceptional control. Simultaneously, they act as a "neural pathway," translating control signals into highly coordinated physical actions to ensure operational effectiveness in complex environments.

Within the robots industry chain, precision transmission solutions occupy a central midstream position, bridging upstream component suppliers and downstream robot manufacturers. 1). Upstream suppliers provide essential raw materials, including high-strength steel and aluminum alloys. 2). Midstream integrators synthesize and optimize various core components into modular, robot-ready precision transmission solutions such as reducers and joint modules. 3). Downstream applications encompass humanoid robots, industrial robots, other robots and automated workstations.



Source: CIC, Expert Interviews, News

Precision transmission solutions are composed of a range of core components encompassing from reducers and motors to highly sophisticated joint modules and robotic arms. These components work in unison to enable precise and efficient motion control within robots. The following showcases the precision transmission core components central to the Group's offerings.

- ***Precision reducers***. Precision reducers serve as the core link between power sources and actuation mechanisms. Since servo motors typically generate high-speed, low-torque output—insufficient to directly drive robotic arms which require higher torque and controlled speed—reducers convert this input into low-speed, high-torque output through gearing mechanisms. By delivering exceptional transmission accuracy, rigidity, and torque density, precision reducers enable robots to perform complex, high-precision tasks with high reliability and dynamic responsiveness. As such, they are often regarded as the "joints" of a robot. Precision reducers can be categorized into harmonic reducers, RV reducers, and planetary reducers, with the Group primarily focusing on harmonic reducers.

- ***Joint modules***. Joint modules represent a further level of integration, combining precision reducers with servo motors and encoders into modular motion units. As compact mechatronic systems, they define a robot's flexibility, accuracy, and dynamic performance. These highly integrated modules enhance overall robot performance and help accelerate scalability in deployment.

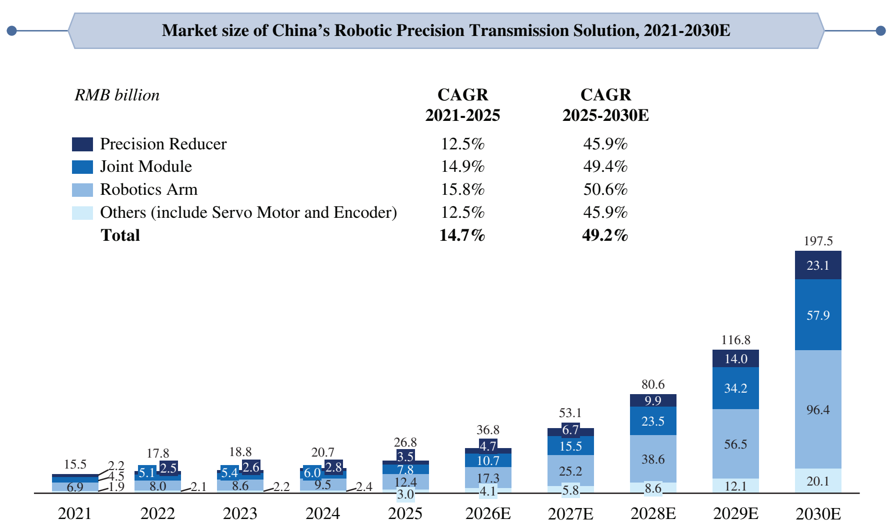
- ***Robotic arms***. A robotic arm is a multi-joint, multi-degree-of-freedom automated mechanism designed to replicate the functions of a human arm. By integrating joint modules with end-effectors and control systems, it achieves precise motion control through advanced transmission technologies. Robotic arms are widely used to perform diverse tasks including material handling, welding, assembly, surgery, and handling hazardous materials.

Market Size of Robotic Precision Transmission Solutions in China

The market size of robotic precision transmission solutions in China reached RMB26.8 billion in 2025 and is projected to grow to RMB197.5 billion by 2030, at a CAGR of 49.2%.

The precision reducer market is projected to grow from approximately RMB3.5 billion in 2025 to approximately RMB23.1 billion in 2030. Over the same period, the joint module market is expected to expand from approximately RMB7.8 billion to approximately RMB57.9 billion, while the robotic arm market is forecast to increase from approximately RMB12.4 billion to approximately RMB96.4 billion. Precision reducers face high technical barriers arising from their reliance on cutting-edge designs and materials, precise manufacturing processes, and requirements for reliability and service life. These barriers ultimately define the performance limits of joint modules and robotic arms.

The chart below illustrates the market potential of core components in robotic precision transmission solutions in China.



Source: CIC, Expert Interviews, News, Annual Reports

Automated Workstations: Integrated Application Systems

Automated workstations are integrated automation systems designed to perform specific manufacturing or assembly tasks, typically comprising robotic arms, control systems, sensors and tooling devices. In such systems, robotic precision transmission components, including harmonic reducers, serve as underlying sub-components rather than end products, and are therefore excluded from the market scope defined here. Based on expert interviews and publicly available sources, China's automated workstation market was approximately RMB22.0 billion in 2025.

OVERVIEW OF THE PRECISION REDUCER MARKET IN CHINA'S ROBOTICS SECTOR

The Decisive Role of Precision Reducers in Robotic Performance

Precision reducers are a core component of precision transmission solutions and play a decisive role in determining a robot's motion accuracy, load-bearing capacity, and overall operational reliability. Owing to their high technical complexity and manufacturing barriers, precision reducers typically represent the largest single cost component in an industrial robot's bill of materials (BOM), accounting for approximately 30%-35% of total system cost.

Harmonic Reducers: A Critical Enabler for Robot Lightweighting and Precision

Precision reducers are primarily categorized into three types: harmonic reducers, RV reducers and planetary reducers.

Performance comparison of robotic precision reducers

	Harmonic reducer	RV reducer	Planetary reducer
			
Precision	• **Very high**; widely used in low-speed stepping applications. • 15-60 arc-seconds	• **High**; maintains accuracy and rigidity under heavy loads, 60-100 arc-minutes	• **Moderate**; common in heavy-duty automation. • 100-600 arc-seconds
Backlash	• < 0.5 arc-minutes	• < 1 arc-minutes	• 5-10 arc-minutes
Torque	• 0.5-1,000 Nm	• 100-28,000 Nm	• 10-10,000 Nm
Reduction Ratio Range	• 30-160	• 30-250	• 3-512
Application scenarios	• Precision motion with servo motors; industrial robots, service robots, small/medium-load robotics	• Medium-to-heavy-load industrial robots with long-life and high-rigidity requirements	• Robotic arms in cost-sensitive scenarios; machinery, machine tools, conveyors; automated manufacturing systems

Source: CIC, Expert Interviews, News

- ***Harmonic reducers***. Humanoid robot manufacturers demand joint solutions capable of delivering precise motion control and compact integration within confined spaces, without adding unnecessary volume, weight, or structural complexity. Harmonic reducers are a mainstream category of robotic precision reducers well suited to these demands. They transmit motion and power through the elastic deformation engagement between a flexspline and a rigid spline, and are characterized by high reduction ratios, high positioning accuracy, ultra-low backlash, compact size and low weight. Their structural characteristics directly support reductions in robotic joint volume and weight. Their ability to achieve high transmission ratios within a single stage reduces the need for multi-stage gear arrangements, enabling more compact joint architectures. Their coaxial structure further facilitates integration with motors and bearings within limited space, while their relatively simple transmission mechanism, consisting of a wave generator, flexspline and circular spline, reduces overall structural complexity. In addition, their high torque density allows the required output torque to be delivered with smaller reducers and motors.

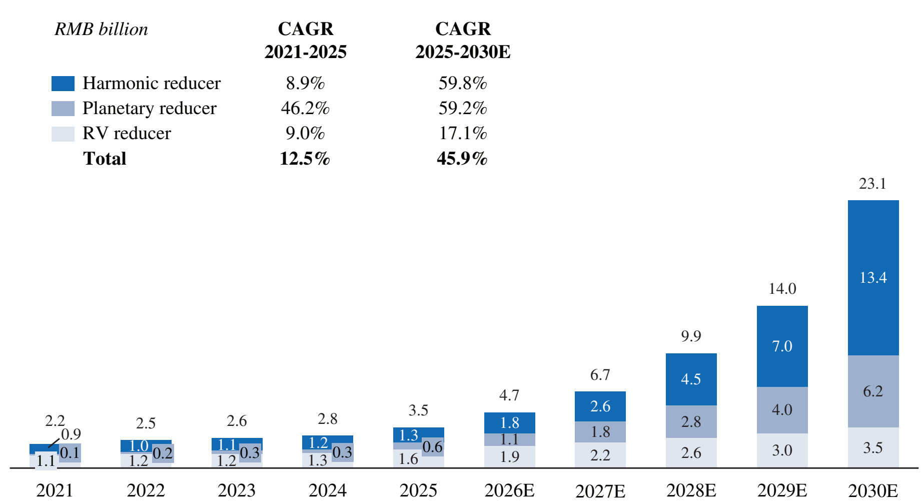
- ***RV reducers***. RV reducers leverage a cycloidal planetary transmission mechanism that delivers high rigidity, strong load-bearing capacity, and stable precision retention. They are widely used in heavy-load joints of industrial robots—such as the base and shoulder—and in other systems that require high torque capacity and strong resistance to impact.

- ***Planetary reducers***. Planetary reducers employ a planetary gear transmission structure, characterized by compact design, high load capacity, and efficient power transmission. In the robotics field, they are widely used in light-duty robotic arms and other automated equipment where cost-effectiveness and operational efficiency are key considerations.

Market Size of Precision Reducers in China

Benefiting from the explosive growth of the downstream robotics industry, China's precision reducer market continues to expand. The market size is projected to grow from approximately RMB3.5 billion in 2025 to approximately RMB23.1 billion in 2030, achieving a CAGR of 45.9%. Among these, harmonic reducers have become the main choice for the evolution of robot design toward lightweight, compact, and higher-precision applications. Their unique structural characteristics significantly reduce the weight and volume of robotic joints, thereby lowering the required motor power and aligning with the industry's demand for more agile and precise robotic systems.

Market size of robotic precision reducers in China, by type, 2021-2030E



Source: CIC, Expert Interviews, News, Annual Reports

Note: The above market size refer to the market size of precision reducers specifically within the robotics sector.

Key Applications of Harmonic Reducers

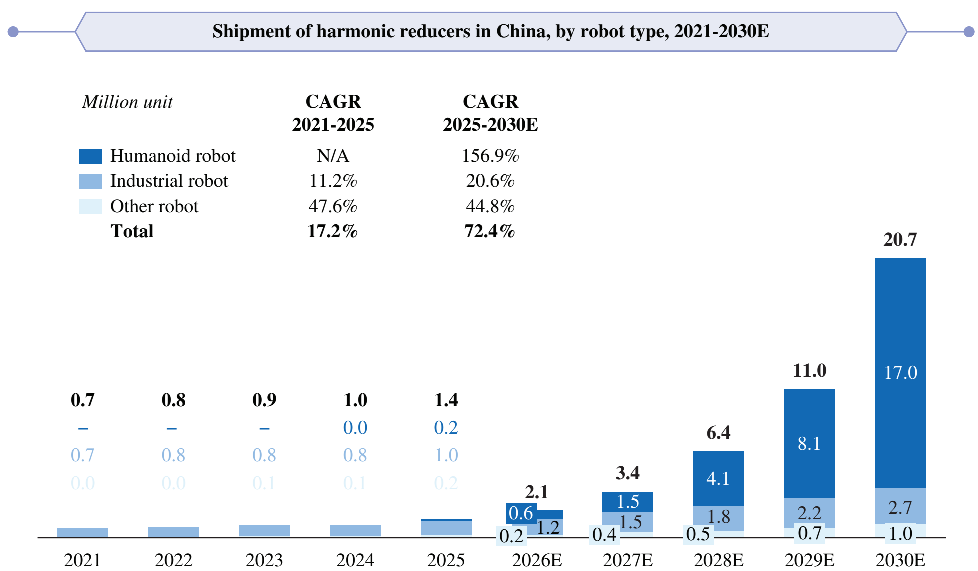
Harmonic reducers are essential in both humanoid and industrial robots due to their ability to deliver high precision, reliability, and efficiency. In humanoid robots, they enable fine motor control and dexterous movement in joints like the wrists and elbows, and hips and shoulders, allowing for human-like flexibility in tasks requiring delicate manipulation. In industrial robots, harmonic reducers ensure precise, high-torque movement in repetitive tasks such as assembly, welding, and material handling, while optimizing space and reducing weight.

Application	Industrial robot			Humanoid robot
	Six-axis robot	Collaborative robot	Others (e.g., Scara, Delta, Cartesian robot)	
Main Uses	• Used in light-load joints such as the arms, wrists or hands of robots • An average of **three** harmonic reducers are used. 	• Used in light-load joints such as the arms, wrists or hands of robots • An average of **six** harmonic reducers are used. 	• Used in light-load joints such as the arms, wrists or hands of robots • An average of **two to three** harmonic reducers are used. 	• Used in the joint drive systems of a humanoid robot, typically placed in the wrists and elbows, and hips and shoulders. • **~20** harmonic reducers are used. 

Source: CIC, Expert Interviews, News

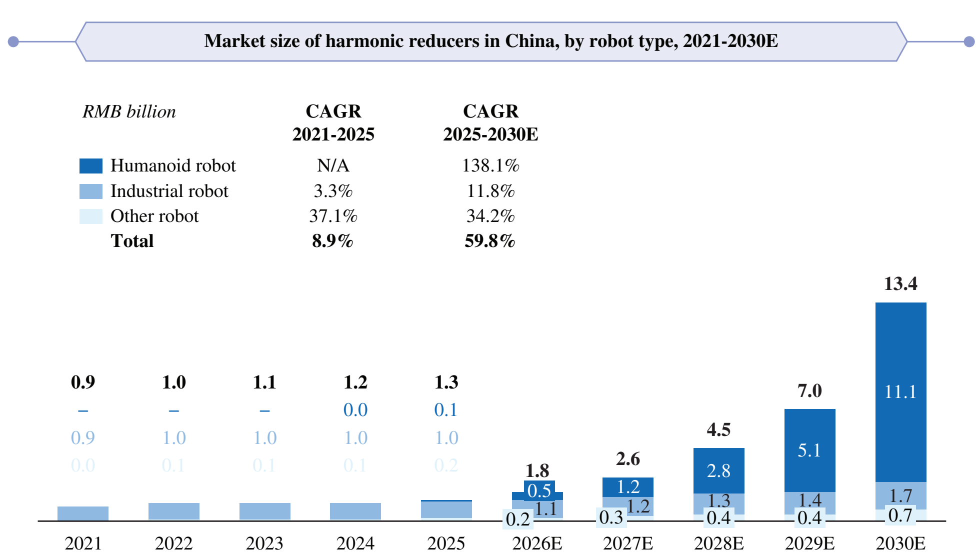
Demand for Harmonic Reducers in China

Humanoid robots are projected to become the largest source of demand for harmonic reducers in the future. The shipment for harmonic reducers used in robotics applications in China is expected to grow from approximately 1.4 million units in 2025 to around 20.7 million units in 2030, representing a CAGR of approximately 72.4%. Among these, the share of demand attributed to humanoid robots is set to rise from about 11% in 2025 to roughly 82% by 2030.



Source: CIC, Expert Interviews, News, Annual Reports

The market size for harmonic reducers in China's robotics sector is projected to expand from RMB1.3 billion in 2025 to RMB13.4 billion by 2030, achieving a CAGR of 59.8%.



Source: CIC, Expert Interviews, News, Annual Reports

Future Growth Opportunities and Key Drivers

Exponential growth of humanoid robots. With the maturation of embodied technologies, humanoid robots are entering a phase of scaled commercial deployment. Chinese manufacturers have gradually gained a leading position in the global market, leveraging domestic supply chain advantages and technological expertise. This progress is driving substantial market demand for high-precision, cost-effective core components. Harmonic reducers, with their high accuracy, compact design, and lightweight properties, are ideally suited to meet the dual requirements of performance and cost in humanoid robots. As the technology for humanoid robots continues to evolve, the market demand for harmonic reducers is poised for explosive growth.

Continued upgrading and global leadership of Chinese manufacturing. As the world's largest manufacturing economy, China is undergoing a critical phase of industrial transformation. The rapid expansion of emerging manufacturing sectors—particularly new energy vehicles, photovoltaics and consumer electronics—is driving sustained growth in demand for automated production. Capacity expansion in these industries is boosting the need for industrial robots, thereby supporting stable growth in the precision reducer market. As China's manufacturing sector continues to upgrade and deepen its automation capabilities, demand for core components such as harmonic reducers is expected to rise steadily, providing a solid and sustainable foundation for market expansion.

National policy support. Strategic planning at the government level has provided clear guidance and policy backing for the industrialization of humanoid robots. In November 2023, the Guidance on the Innovation and Development of Humanoid Robots issued by the Ministry of Industry and Information Technology highlighted key objectives such as lightweight design, high strength, and high precision, emphasizing the need for independent and controllable core components. This presents significant opportunities for domestic precision reducer manufacturers with core technical capabilities and accelerates the maturation of the industry ecosystem.

In-depth development of the industry chain. Leading harmonic reducer manufacturers are transitioning from supplying individual components to offering integrated modular systems and automated workstations—comprehensive solutions that significantly reduce R&D and integration challenges for downstream customers. This full-stack solution capability enables faster product deployment and seamless integration, enhancing product value while deepening collaboration with clients.

Global expansion of Chinese providers. Leveraging sustained investment and cost competitiveness in the supply chain, Chinese harmonic reducer manufacturers are rapidly advancing in product performance and reliability. Through continuous innovation and refined manufacturing processes, these manufacturers have developed solutions that meet the precise and varied requirements of robotics applications, from humanoid robots to industrial robots. This focus on continuous product enhancement, paired with a strong value-for-money offering, is strengthening their competitive position in the global market. As a result, leading Chinese manufacturers are gaining recognition from top-tier international clients and are well-positioned to capture a significant share of the expanding overseas market. The global harmonic reducer market in the robotic sector is projected to grow from RMB3.3 billion in 2025 to RMB24.4 billion in 2030, at a CAGR of 48.9%.

Competitive Landscape of Harmonic Reducers

The market for harmonic reducers in China's robotics sector is relatively concentrated, with the top five providers accounting for 75.8% of total shipments in 2025. We ranked No. 2 in the market in terms of both harmonic reducer shipments and revenue in 2025, with a market share of 21.4% and 12.9%, respectively. As humanoid robots accelerate their commercialization, their joint systems impose more stringent requirements for precision, torque density, impact resistance, and service life. This elevates the technological and manufacturing barriers for harmonic reducers. Currently, within the domestic supply chain, only two companies can stably meet these performance requirements and achieve volume delivery, and we are one of them.

Competitive Landscape of Harmonic Reducer Providers in China's Robotics Sector, 2025

Rank	Name	Harmonic Reducer Shipments for Robots	Market Share
		(in thousand units)	*(%)*
1	Company A	374	27.5%
2	**Our Company**	291	21.4%
3	Company B	170	12.5%
4	Company C	135	9.9%
5	Company D	60	4.4%

Competitive Landscape of Harmonic Reducer Providers in China's Robotics Sector, 2025

Rank	Name	Harmonic Reducer Revenue for Robots	Market Share
		(million)	*(%)*
1	Company A	356	27.6%
2	**Our Company**	167	12.9%
3	Company D	114	8.8%
4	Company B	111	8.6%
5	Company C	81	6.3%

Source: CIC, Expert Interviews, News, Annual Report

Note: Company A: Founded in 2011 and headquartered in Suzhou, China, Company A is a public company listed on Shanghai Stock Exchange, China focuses on harmonic reducers and precision transmission solutions for fields including robots and CNC machine tools.

Company B: Founded in 2015 and headquartered in Shenzhen, China, Company B is a public company listed on Shenzhen Stock Exchange, China focuses on harmonic reducers and related transmission solutions, primarily serving robots, medical equipment.

Company C: Founded in 2012 and headquartered in Shenzhen, China, Company C is a private company focuses on precision transmission solutions, including harmonic reducers and joint modules, with primary applications in robots and medical equipment.

Company D: Founded in 1970 and headquartered in Tokyo, Japan, Company D is a public company listed on Tokyo Stock Exchange, Japan focuses on precision transmission solutions such as harmonic reducers and planetary reducers for fields including robots.

Competitive Landscape of Joint Modules Market

The joint module segment remains predominantly supplied by third-party vendors in the humanoid robotics field, whereas in industrial robotics, joint modules are largely developed and integrated in-house by OEMs. Most independent joint module providers generated annual revenues of below RMB100 million, with the largest player reaching over RMB100 million in 2025. With revenue from joint modules of RMB44.2 million in 2025, we ranked among the top 15 players in the joint module market within China's robotics sector.

Competitive Landscape of Robotic Arms

The robotic arm segment is primarily served by robot OEMs, with robotic arms as their core products, often delivered together with control systems, software and other components as part of integrated solutions. As an independent upstream component supplier still in the early stage of commercialization, we generated revenue from robotic arms of RMB24.3 million in 2025, ranking among the top 20 players in the robotic arm market within China's robotics sector.

Competitive Landscape of Automated Workstation

The automated workstation segment is primarily served by robot OEMs and system integrators, with automated workstations delivered as part of integrated solutions alongside their robotic products. As an independent upstream component supplier still in the early stage of commercialization, we generated revenue from automated workstation of RMB24.5 million in 2025, ranking among the top 20 players in the automated workstation market within China's robotics sector.

Competitive Barriers and Key Success Factors in the Harmonic Reducer Industry

Cost optimization driven by technological innovation. Industry competition centers not on price wars, but on cost efficiency achieved through technological and process innovations. Leading enterprises significantly shorten production cycles and reduce dependence on equipment and labor via deep optimization of key processes. By integrating raw material processing and minimizing repeated forging and machining steps, they further compress production costs. Companies with end-to-end in-house R&D and manufacturing capabilities gain superior supply chain control, achieve economies of scale, and deliver more cost-effective solutions to downstream customers.

Strong rapid delivery and customization capabilities. In the fast-iterating, highly customized robotics market—particularly for humanoid robots—rapid response and delivery capabilities constitute a critical competitive barrier. This agility is fundamentally underpinned by substantial and flexible production capacity, which allows for the simultaneous handling of diverse order streams. Leading suppliers leverage innovative manufacturing techniques to drastically reduce key process times—from hours to minutes—thereby compressing overall delivery cycles to 3-4 weeks. This combination of scale and speed enables them to reliably meet standard timelines while rapidly fulfilling highly customized orders, forming a unique competitive edge and fostering deeply integrated partnerships.

Leading product performance. Placed in robotic joints, harmonic reducers are evaluated against multiple performance dimensions: transmission accuracy, rigidity, torque density, and service life. Leading manufacturers maintain consistent investment in tooth profile design, material science, and manufacturing processes to ensure excellence across all core metrics. This comprehensive performance advantage provides the essential foundation for robots to achieve high precision, reliability, and dynamic responsiveness.

End-to-end in-house R&D and vertical integration. Leading competitors typically achieve full in-house R&D and vertical integration across the entire industrial chain—from tooth profile design and material development to processing, assembly, and testing. This model ensures stable and controllable product quality, enhances production efficiency through internal collaboration, reduces costs, and enables rapid adaptation to market changes.

Full-stack solution capabilities. Top manufacturers are transitioning from supplying standalone precision reducers to offering integrated solutions including modular joint units and automated workstations. By deeply integrating hardware with supporting software, they significantly lower R&D and integration barriers for downstream customers, accelerating product deployment and system integration. This high-value, full-stack approach not only boosts profitability but also builds deeper, strategic customer relationships.

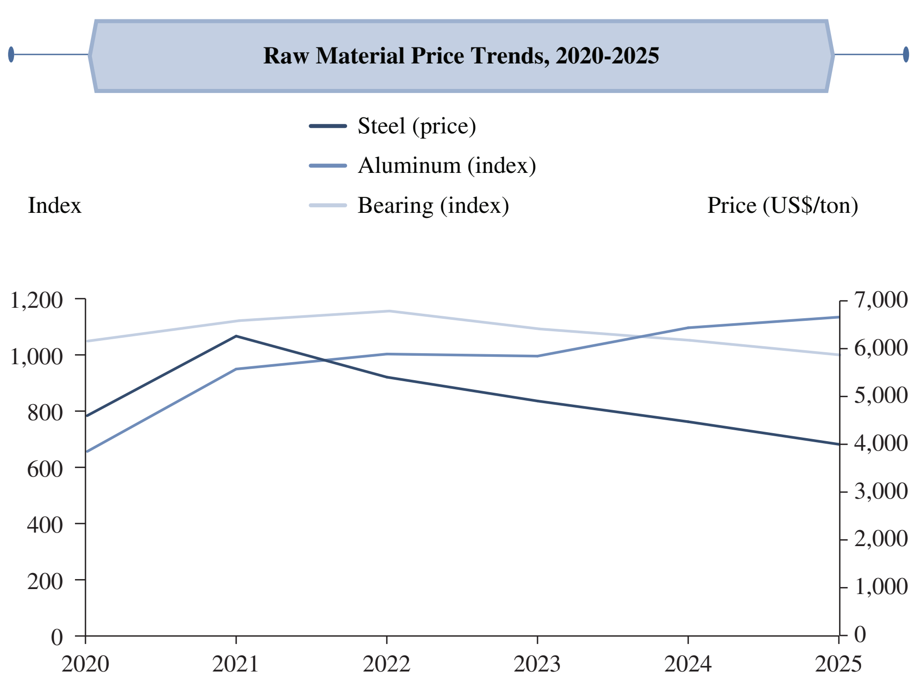
Deep partnerships with key customers. High-quality customer relationships represent a critical measure of corporate competitiveness. Once established, partnerships between reducer suppliers and robot manufacturers typically evolve into long-term, stable collaborations. Leading reducer suppliers engage early in customers' R&D processes, deliver customized solutions, and build deeply embedded relationships through superior product performance and responsive service. These strategic alliances secure stable order volumes and enable continuous product refinement through customer feedback, creating a durable competitive moat.

Raw Material Price Analysis. The production of precision reducers generally includes raw materials such as steel for key transmission components, aluminum for certain structural parts, and bearings and other standard components.

During the Track Record Period, prices of such major raw materials generally fluctuated in line with broader commodity cycles. Steel prices, as reflected by the Shanghai Futures Exchange rebar index, increased from approximately 777.3 in 2020 to approximately 1,066.6 in 2021, before declining to approximately 762.9 in 2024. Aluminum prices, as reflected by the Nanhua Shanghai aluminum index, increased from approximately 650.1 in 2020 to approximately 1,096.5 in 2024. Bearing prices, based on China customs export statistics, increased from approximately US $5,800 per ton in 2020 to approximately US$6,900 per ton in 2021, before declining to approximately US$6,300 per ton in 2024.

Overall, prices of major raw materials for precision reducers remained subject to periodic fluctuations during the Track Record Period and are expected to continue to fluctuate in line with macroeconomic conditions, supply-demand dynamics and broader commodity market trends.

The following graph illustrates the trend of fluctuation in raw material price from 2020 to 2025.



This section sets out an overview of the current laws and regulations applicable to us in the PRC that may materially affect our operations.

REGULATIONS ON COMPANY ESTABLISHMENT AND FOREIGN INVESTMENT

The Company Law of the PRC (中華人民共和國公司法), promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "SCNPC") on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign-invested companies shall abide by the Company Law of the PRC.

Foreign investment in the PRC is subject to the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (鼓勵外商投資產業目錄(2025年版)) (the "Catalog"), amended on December 15, 2025 and effective since February 1, 2026 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 Version) (外商投資准入特別管理措施(負面清單)(2024年版)) (the "Negative List"), promulgated on September 6, 2024 and effective since November 1, 2024,, both of which issued by the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the "NDRC") and the Ministry of Commerce of the PRC (中華人民共和國商務部) ("MOFCOM"). The Catalog and the Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged," "restricted," and "prohibited." Industries not listed in the Catalog or the Negative List are generally deemed as falling into a fourth category, "permitted," unless specifically restricted by other PRC laws and regulations. As a provider of core components for robotic precision transmission in China, our principal business falls under the "encouraged" category as set out in the Catalogue, specifically under Item 432: "Development and manufacturing of key foundational components for robotics", and does not fall under the "restricted" or "prohibited" categories as stipulated in the Negative List.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the "FIL"), promulgated by the National People's Congress (全國人民代表大會) on March 15, 2019, effective since January 1, 2020, and the Implementation Regulations for the Foreign Investment Law of the PRC (中華人民共和國外商投資法實施條例) (the "Implementation Regulations for FIL"), promulgated by the State Council (國務院) on December 26, 2019, effective since January 1, 2020, are the principal existing law and regulation governing foreign investment in the PRC. The FIL and the Implementation Regulations for FIL are enacted to further expand opening-up, actively promote foreign investment, protect legitimate rights and interests in foreign investment, and standardize foreign investment management. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a system of national treatment plus the Negative List with respect to foreign investment administration. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or released upon approval by the State Council would be treated equally.

On December 30, 2019, MOFCOM and State Administration for Market Regulation (國家市場監督管理總局) (the "SAMR") promulgated the Measures for the Reporting of Foreign Investment Information (外商投資信息報告辦法) (the "Reporting Measures"), which came into effect on January 1, 2020. The Reporting Measures regulate information reporting relating to foreign investment in the PRC. Pursuant to the Reporting Measures, foreign investors and foreign-invested enterprises who directly or indirectly carry out investment activities in the PRC shall report investment information to the competent departments of commerce by submitting initial reports, change reports, cancellation reports and annual reports.

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (外商投資安全審查辦法), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. Foreign investor or relevant parties in China must declare the security review prior to (1) the investments in the military industry, military industrial supporting and other fields relating to the security of national defense, and investments in areas surrounding military facilities and military industry facilities; and (2) investments in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies and other important fields relating to national security; and obtaining control in the target enterprise.

REGULATIONS AND POLICIES ON THE HARMONIC REDUCER INDUSTRY

On December 21, 2021, the Ministry of Industry and Information Technology (工業和信息化部) (the "MIIT") and fourteen other departments promulgated the 14th Five-Year Development Plan for the Robotics Industry ("十四五"機器人產業發展規劃), which came into effect on the same day. The plan includes "high-performance reducers" in the key basic improvement actions for robots, specifically: to develop advanced manufacturing technologies and processes for RV reducers and harmonic reducers, improve the precision retention (life) and reliability of reducers, reduce noise, and achieve large-scale production. Research the basic theories of new types of high-performance precision gear transmission devices, break through precision/ultra-precision manufacturing technologies and assembly processes, and develop new types of high-performance precision reducers.

On December 21, 2021, the MIIT and seven other departments promulgated the 14th Five-Year Development Plan for the Intelligent Manufacturing ("十四五"智慧製造發展規劃), which came into effect on the same day. The plan encourages the vigorous development of intelligent manufacturing equipment. It strengthens joint innovation among industry, academia, and research institutions to address the weaknesses in perception, control, decision-making, and execution, and to break through a number of "chokepoint" basic components and devices. It also includes "high-performance and high-reliability reducers" in the list of basic components and devices under the action items for the innovative development of intelligent manufacturing equipment.

On October 20, 2023, the MIIT promulgated the Guiding Opinions on the Innovative Development of Humanoid Robots (人形機器人創新發展指導意見) (the "Guiding Opinions"), which came into effect on the same day. The Guiding Opinions added content such as "breaking through high-precision electric drive actuators that integrate high-torque-density reducers, high-power-density motors, and servo drives, and developing products like electric drive rotary joints and electric actuators" in the section on key products and components.

On December 27, 2023, the NDRC promulgated the Catalog for Guiding the Adjustment of Industrial Structure (2024 Edition) (產業結構調整指導目錄(2024年本)), which came into effect on February 1,2024. The catalog added items such as "industrial robot RV reducers, harmonic reducers and bearings" and "high-precision reducers for industrial robots" to the machinery section of the encouraged industries. It also included items like "high-precision reducers, high-performance servo systems, intelligent controllers, intelligent integrated joints and other key components for robots" in the intelligent manufacturing section of the encouraged industries.

On September 29, 2024, the SAMR and the Standardization Administration of China (國家標準化管理委員會) promulgated the national standard (GB/T 30819-2024) for Harmonic Reducers for Robot (機器人用諧波齒輪減速器), which came into effect on April 1, 2025. The standard applies to harmonic reducers used in robots and specifies the product classification, model, basic parameters and structural dimensions, requirements, testing methods, inspection rules, as well as marking, packaging, transportation and storage of harmonic reducers for robots.

REGULATIONS ON OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated 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 five relevant guidelines, which became effective on March 31, 2023. Meanwhile, the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) and the Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas (國務院關於進一步加強在境外發行股票和上市管理的通知), which were previously the main institutional basis for overseas offering and listing by domestic enterprises, were repealed on March 31, 2023.

According to the Overseas Listing Trial Measures, PRC domestic enterprises which seek to issue and list securities in overseas markets by direct or indirect means are required to complete the filing procedures with and submit relevant materials to the CSRC. The Overseas Listing Trial Measures provides that an overseas offering and listing is prohibited if there is one of the following circumstances: (1) the listing is specifically prohibited for financing purposes by laws, administrative regulations, or applicable requirements imposed by the country; (2) the overseas offering and listing might endanger national security as reviewed and determined by competent authorities under the State Council in accordance with relevant laws; (3) the domestic enterprise or its controlling shareholder(s) and de facto controller(s) have committed corruption, bribery, embezzlement, misappropriation of property, or other criminal offenses disruptive to the order of the socialist market economy in recent three years; (4) the domestic enterprise is currently under judicial investigations for suspicion of criminal offenses or materially breaching laws or regulations, where no definitive conclusions have been reached; or (5) there are material ownership disputes with respect to equity interests held by controlling shareholder(s) or equity interests held by other shareholders controlled by controlling shareholder(s) and/or de facto controller(s).

The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering and listing by PRC domestic enterprises: (1) the amount of any of the operating revenue, total profit, total assets or net assets of the domestic enterprise represents over 50% of that of the relevant item in the issuer's audited consolidated financial statements for the most recent fiscal year; and (2) the main parts of the issuer's business activities are conducted in mainland China, or its principal place of business is located in mainland China, or the majority of senior management in charge of its business operations and management are PRC citizens or have their usual place of residence located in mainland China. Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also requires subsequent reports to be filed with the CSRC on material events, such as a change of control or voluntary or forced delisting of the issuer who has completed an overseas offering and listing.

To enhance confidentiality and archive management for domestic enterprises' overseas offerings and listings, CSRC, the Ministry of Finance of the PRC (財政部), National Administration of State Secrets Protection (國家保密局), and National Archives Administration (國家檔案局) promulgated the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings by Domestic Enterprises (CSRC Announcement [2023] No. 44) (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(證監會公告[2023]44號)) on February 24, 2023, which came into effect on March 31, 2023, and at the same time, replaced the Provisions on Strengthening Confidentiality and Archives Administration Concerning Overseas Securities Offerings and Listings (CSRC Announcement [2009] No. 29) (關於加強在境外發行證券與上市相關保密和檔案管理工作的規定(證監會公告[2009]29號)). These provisions now cover domestic joint stock companies directly listing overseas and entities indirectly listing abroad. They outline procedural requirements and specify enterprises' confidentiality responsibilities and accounting archives administration, in alignment with the Overseas Listing Trial Measures.

FULL CIRCULATION OF H SHARES

"Full circulation" represents listing and circulating on the Stock Exchange of the 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 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 Unlisted Shares of H-share Listed Companies, shareholders of 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.

REGULATIONS ON FOREIGN TRADE

In accordance with the Foreign Trade Law of the People's Republic of China (中華人民共和國對外貿易法) promulgated by the NPCSC on May 12, 1994 and amended and effective on April 6, 2004, November 7, 2016 and December 30, 2022 respectively, and the Notice on Matters Relating to the Filing of Consignees and Consignors of Imported and Exported Goods (海關總署企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知) issued by the General Administration of Customs of the People's Republic of China on January 3, 2023 and effective on the same date, the consignee or consignor of imported or exported goods applying for filing should obtain the qualification of the market entity, but no filing for foreign trade operators is required.

According to the Customs Law of the People's Republic of China (中華人民共和國海關法) promulgated by the NPCSC on January 22, 1987, and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017, and April 29, 2021, respectively, the consignee of imported goods, the consignor of exported goods, and the owner of inbound and outbound goods are the taxpayers of customs duties. For the imported and exported goods, unless otherwise provided for, customs declaration and tax payment procedures may be completed by the consignee or consignor of the imported and exported goods, or the consignee or consignor of import and export goods may entrust a customs declaration enterprise to complete the customs declaration and tax payment procedures. The consignees and consignors for imported or exported goods and the customs brokers engaged in customs declaration shall be filed with the customs in accordance with the law. Customs declaration units refer to the consignee or consignor of the imported and exported goods and the customs declaration enterprises filed with the customs in accordance with the Regulations of the People's Republic of China on the Administration of the Record of Customs Declaration Units (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 People's Republic of China on November 19, 2021 and becoming effective as of January 1, 2022. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for filing, it shall obtain the qualification of market entities.

According to the Law of the People's Republic of China on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法) promulgated by the NPCSC on February 21, 1989, implemented on August 1, 1989, and most recently amended on April 29, 2021, and its implementation regulations—the Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (中華人民共和國進出口商品檢驗法實施條例) promulgated by the State Council on August 31, 2005, implemented on December 1, 2005, and most recently amended on March 29, 2022, the General Administration of Customs is responsible for the inspection of import and export commodities nationwide. Entry-exit inspection and quarantine authorities are responsible for inspecting commodities listed in the official catalog and other commodities subject to mandatory inspection as stipulated by applicable laws and administrative regulations. In addition, entry-exit inspection and quarantine agencies may conduct random or discretionary inspections on other import and export commodities in accordance with relevant state regulations. Imported commodities subject to compulsory inspection shall not be sold or used until they have passed the inspection. Export commodities subject to inspection shall not be exported if they have not been inspected or have failed the inspection.

According to the Regulations of the People's Republic of China on the Administration of the Import and Export of Goods (the "Goods Import and Export Regulations", 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 effective on May 1, 2024, enterprises engaged in import or export trading activities involving goods entering or leaving the PRC territory must comply with the provisions of the Goods Import and Export Regulations: goods prohibited from import and export shall not be imported or exported; goods restricted from import and export are subject to a licensing system or a quota system; freely imported and exported goods are not subject to any restrictions. The consignee of imported goods or the consignor of exported goods shall submit an automatic import/export license, import/export license, or quota certificate to the customs to complete customs clearance procedures.

The Export Control Law of the People's Republic of China (中華人民共和國出口管制法) (the "Export Control Law") came into force on December 1, 2020. The Export Control Law is China's first comprehensive and integrated export control law, which sets out provisions for the export control of dual-use goods, military supplies, nuclear energy products, goods related to the protection of national security and interests and other commodities, science and technology, services and goods, as well as fulfilling the responsibilities related to the international prohibition of nuclear proliferation.

REGULATIONS ON PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated on February 22, 1993 and most recently amended on December 29, 2018 by the SCNPC, the seller shall be responsible for the repair, replacement or return of the product sold if (1) the product does not possess the functionality it should inherently possess, and no prior and clear indication is given of such a situation; (2) the product does not conform to the applicable product standard stated on the product or its packaging; or (3) the product does not conform to the quality specified through a product description or physical sample. If a consumer incurs losses due to the purchased product, the seller shall compensate for such losses.

On May 28, 2020, the PRC Civil Code (中華人民共和國民法典), was adopted by the SCNPC and came into force on January 1, 2021 Under the PRC Civil Code, a manufacturer or a commercial seller is liable for harm caused to persons or property due to product defects. The aggrieved party may claim compensation from either the manufacturer or the seller. If compensation is sought from the seller, the seller is entitled to recover from the responsible manufacturer after fulfilling the compensation obligation.

REGULATIONS ON POLLUTANT DISCHARGE

Environmental Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of

Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impacts shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, within a time limit, forced shutdown, or criminal punishment.

Environment Impact Assessment

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, amended on July 16, 2017 and became effective on October 1, 2017, depending on the impact of the construction project on the environment, an construction employer shall submit an environmental impact report or an environmental impact statement, or file a registration form. As to a construction project, for which an environmental impact report or the environmental impact statement is required, the construction employer shall, before the commencement of construction, submit an environmental impact report or the environmental impact statement to the relevant authority in charge of the environmental protection administrative department for approval. If the environmental impact assessment documents of the construction project have not been examined or approved upon examination by the approval authority in accordance with the law, the construction employer shall not commence the construction.

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (中華人民共和國環境影響評價法) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (1) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (2) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

Pollutant discharge permits

According to the Catalog of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (固定污染源排污許可分類管理名錄) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and came into effect on the same day, the PRC implements key management, simplified management and registration management of pollutant discharge permits based on factors such as the amount of pollutants generated, the amount of pollutants discharged and the degree of impact on the environment of the pollutant discharging entities. For pollutant discharging entities subject to registration management, applications for pollutant discharge permits are not required.

Pursuant to the Administrative Measures for Pollutant Discharge Licensing (for Trial Implementation) (排污許可管理辦法(試行)) promulgated on January 10, 2018 and partially revised on August 22, 2019 by the original environmental protection department, now known as the Ministry of Ecology and Environment (the "MEE"), and the Administrative Measures for Pollutant Discharge Licensing (排污許可管理辦法), which was promulgated on April 1, 2024 and scheduled to be implemented on July 1, 2024, enterprises, public institutions and other producers and operators under the administration of discharge permits (referred to as "discharge units") shall apply for and obtain a pollutant discharge license and discharge pollutants in accordance with the provisions of the discharge permit. Any enterprise that fails to obtain a pollutant discharge license as required shall not discharge pollutants.

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (固定污染源排污許可分類管理名錄(2019年版)) issued by the MEE on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors including the amount of pollutants generated, the amount of pollutants discharged, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

According to the Regulations on the Administration of Permitting of Pollutant Discharges (排污許可管理條例), which was promulgated by the State Council on January 24, 2021 and came into effect on March 1, 2021, enterprises and other production operators that implement pollutant discharge licencing management (the "pollutant discharging entities") shall apply for pollutant discharge permits, and shall not discharge pollutants without obtaining the pollutant discharge permits. Pollutant discharging entities are classified into key management and simplified management according to the amount of pollutants discharged and the degree of impact on the environment. The pollutant discharge permit is valid for five years. If a pollutant discharging entity intends to continue to discharge pollutants, it shall submit an application for renewal to the approving authority 60 days before the expiration of the pollutant discharge permit.

REGULATIONS ON LAND, PLANNING AND ENGINEERING CONSTRUCTION

Land

According to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the NPCSC Standing Committee on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land of the PRC is either State-owned or collectively-owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of which is collectively-owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory use term and planned use scope. Permanent buildings cannot be built on the land for temporary use, and the term of use of the land shall generally not exceed two years.

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例), promulgated on November 24, 2014 and last amended on March 10, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level. Each real estate unit has a unique code. The real estate register shall record the following: (1) natural conditions of the real estate such as location, boundaries, spatial limits, acreage and usage; (2) property conditions of the real estate rights such as ownership, type, content, source, term, changes in rights; (3) matters related to restrictions and warnings on real estate rights; and (4) other relevant matters. The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) promulgated on January 1, 2016 and last amended and brought into effect on May 9, 2024 provide that, among others, the State implements a uniform real estate registration system and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

Leasing

Pursuant to the PRC Civil Code, a lessee may, upon the lessor's consent, sublease the leased object to a third person. The lease contract between the lessee and the lessor shall continue to be valid despite the sublease by the lessee, and if the third person causes loss to the leased object, the lessee shall bear the liability for compensation. A change in the ownership of a leased object during the period that a lessee possesses the leased object in accordance with the lease contract shall not affect the validity of the lease contract. Pursuant to the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), which was promulgated by the SCNPC on July 5, 1994 and was latest amended on August 26, 2019, and the Management Measures for the Lease of Commercial Housing (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010, and effective on February 1, 2011, the parties to a housing lease shall enter into a lease contract in accordance with the law. Within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the competent department of construction (real estate) of the people's government of the municipality, city or county where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the competent construction (real estate) departments of the people's governments of the municipalities directly under the central government, cities and counties shall order rectification within a time limit. If rectification is not made by an individual within the time limit, a fine of less than RMB1,000 shall be imposed. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. According to the PRC Civil Code, the parties' failure to register the lease contract in accordance with the provisions of laws and administrative regulations does not affect the validity of the contract.

Planning

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) promulgated by the NPCSC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planning area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the central government of the PRC for a construction project planning permit. The construction entity shall carry out the construction in accordance with the planning conditions and submit the relevant completion acceptance information to the urban and rural planning authority within six months after the completion acceptance.

Engineering construction

According to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the NPCSC on November 1, 1997 and latest amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without acceptance or with unqualified acceptance.

According to the Measures for the Supervision and Administration of "Three Simultaneities" for the Safety Facilities of Construction Projects (建設項目安全設施"三同時"監督管理辦法), which were promulgated by the former State Administration of Work Safety (now the Ministry of Emergency Management, or the MEM) on April 2, 2015 and became effective on May 1, 2015, the safety facilities of a construction project must be designed, constructed and put into operation simultaneously with the major construction works of the construction project.

REGULATIONS ON CYBERSECURITY, DATA PROTECTION AND PERSONAL INFORMATION PROTECTION

Cybersecurity and Data Protection

The Cybersecurity Law of the People's Republic of China (the "Cybersecurity Law", 中華人民共和國網絡安全法), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, was last amended on October 28, 2025, with such amendments scheduled to take effect on January 1, 2026, requires that when constructing and operating a network, or providing services through a network, technical measures and other necessary measures shall be taken in accordance with laws, administrative regulations and the compulsory requirements set forth in national standards to ensure the secure and stable operation of the network, to effectively cope with cybersecurity incidents, to prevent criminal activities committed on the network, and to maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger cybersecurity or use networks to engage in activities endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cybersecurity Law also reiterates certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations. The state shall, on the basis of the rules for graded protection of cybersecurity, emphasize the protection of important sectors and areas such as public telecommunications and information services, energy, transportation, irrigation, finance, public services, and e-government, etc., and critical information infrastructure, that, once damaged, disabled or data leaked, may gravely harm national security, national economy, people's livelihood, and public interest. Personal information and important data collected and produced by critical information infrastructure during operation within PRC shall be stored within PRC; where due to business requirements it is truly necessary to provide it outside of PRC, a security assessment shall be conducted according to the requirements of relevant departments. Any violation of the provisions and requirements under the Cybersecurity Law may subject an internet service provider to rectifications, warnings, fines, confiscation of illegal gains, revocation of business permits, cancellation of business license, closedown of websites or even criminal liabilities.

The Data Security Law of the People's Republic of China (the "Data Security Law", 中華人民共和國數據安全法) was passed on June 10, 2021 and came into effect on September 1, 2021. The Data Security Law requires a data processor to establish and improve a whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to safeguard data security. In conducting data processing activities using the Internet or any other information networks, a data processor shall perform the above data security protection obligations on the basis of the hierarchical cybersecurity protection system. Any violation of the provisions and requirements under the Data Security Law may subject a data processor to rectifications, warnings, fines, suspension of the related business, revocation of business permits or even criminal liabilities.

On December 28, 2021, thirteen PRC governmental and regulatory agencies, including the CAC, promulgated the Cybersecurity Review Measures (網絡安全審查辦法), which was published on January 4, 2022, and came into effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data processing carried out by online platform operators, that raise or may raise "national security" concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. Before the critical information infrastructure operator procures network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cybersecurity review by the Cybersecurity Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an online platform operator that possesses the personal information of more than one million users must apply for a cybersecurity review by the Cybersecurity Review Office, if it plans on listing companies in foreign countries. The Cybersecurity Review Office may initiate a cybersecurity review if any network products and services, activities of data processing or overseas listing of companies affects or may affect national security. Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cybersecurity Law and the Data Security Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of our non-compliant operations. On December 23, 2025, we and our PRC Legal Advisor have conducted a real-name telephone consultation and communication with the competent regulatory authority, the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心, the "CCRC"), and CCRC has confirmed that a listing in Hong Kong does not fall within the scope of the term of "listing abroad (國外上市)" under Article 7 of the CAC Measures, and CCRC did not raise any objection to our proposed Listing, nor did CCRC give any specific instructions requiring us to apply for cybersecurity review for the proposed Listing. Given that (1) as of the Latest Practicable Date, we had not been notified by any relevant authorities as a CIIO; (2) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad (國外上市); and (3) during the Track Record Period and as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our product, service, or data processing activity affects or may affect national security, and the interpretation of products, services or data processing activities that "affect or may affect national security" under the current PRC laws and regulations requires further clarification from the competent authorities, therefore, as advised by our PRC Legal Advisor, we were of the view that the CAC Measures is not applicable to us to the extent that we are not obliged to apply for a cybersecurity review pursuant to the CAC Measures with respect to our proposed Listing. However, the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations, and we are suggested by our PRC Legal Advisor that we should keep abreast of the applicable laws and regulations in this regard and implement all necessary measures in a timely manner to ensure compliance with the relevant laws and regulations.

On September 24, 2024, the State Council promulgated the Regulations on Cyber Data Security Management (網絡數據安全管理條例), which came into force on January 1, 2025. This regulation clarifies the general provisions on network data security management, and also further supplements and refines the specific requirements on personal information protection, important data security management, cross-border security management of network data, and obligations of network platform service providers. The Cyber Data Security Regulations do not include the content related to cybersecurity review standards for listing abroad and in Hong Kong in the Administration Governing the Cyber Data Security (Draft for Comments), published on November 14, 2021.

On 8 December 2022, the MIIT issued the Measures for the Administration of Data Security in the Field of Industry and Information Technology (for Trial Implementation) (工業和信息化領域數據安全管理辦法(試行)), which became effective on 1 January 2023. The measures are aimed to regulate the processing activities of data in the field of industry and information technology field conducted by relevant data processors in China. The MIIT Data Security Measures prescribes that data processors in the field of industry and information technology shall follow the principles of lawfulness and appropriateness in collecting data. During the data collection process, the data processors shall take corresponding security measures based on the data security level. The measures apply to industrial enterprises, software and information technology service companies, and companies holding licenses for operation of telecommunication services that independently determine the purposes and methods of data processing in the course of data processing activities. Data processing activities include, among others, the collection, storage, use, processing, transmission, provision, and disclosure of data. Pursuant to the measures, data in the field of industry and information technology includes industrial data, telecommunication data, and radio data generated and collected during the operation of relevant services. The measures provide for the classification of data in the field of industry and information technology as general, important, or core data, and provide specific requirements for the management of data classifications and data protection measures. Data processors processing important data and core data are required to complete filing with relevant authorities for the catalog of important data and core data. The filing information includes basic information on the data, such as category, classification, quantity, processing purposes and methods of data processing, scope of use, liable entities, data sharing, cross-border transfer of data, and data security protection measures. If over 30% of the quantity (i.e. number of data items or amount of data stored) of important and core data changes or there is any material change to other filing information, data processors must update the filing information with the relevant authorities within three months after such change. In addition, the measures indicate that the legal representative or principal of the data processor should be the primary person held accountable for data security and the person in charge of data security should take direct responsibility for the security of data processing activities.

On July 7, 2022, the CAC officially issued the Measures on Security Assessment of Cross-border Data Transmission (數據出境安全評估辦法), which became effective and was implemented on September 1, 2022. Based on the Measures, data processors shall apply for the security assessment of data cross-border transfer to the national cyberspace administration through the provincial cyberspace administration in the place where they operate if they provide data outside China and fall into one of the following conditions: (1) data processors provide important data outside China; (2) operators of critical information infrastructure and data processors who process personal information of over 1 million users provide personal information outside China; (3) data processors who provide accumulative personal information of over 100,000 users or accumulative sensitive personal information of over 10,000 users outside China from January 1 of previous year provide personal information outside China; (4) other situations required to apply for the security assessment for data cross-border transfer as stipulated by the national cyberspace administration. On March 22, 2024, the CAC issued the Provisions on Promoting and Regulating Cross-border Data Flow (促進和規範數據跨境流動規定). The New Cross-border Data Flow Provisions state that if there is any conflict with the Measures on Security Assessment of Cross-border Data Transmission, the New Cross-border Data Flow Provisions shall prevail. The New Cross-border Data Flow Provisions set out scenarios under which certain obligations for the cross-border data transfer are waived, which include, among others, passing the security assessment of cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information or passing the personal information protection certification.

Personal Information Protection

Pursuant to the PRC Civil Code (中華人民共和國民法典) adopted by the National People's Congress on May 28, 2020, and effective on January 1, 2021, personal information of natural persons is protected by law. Any organization or individual must legally obtain the relevant personal information of others and must ensure the security of the relevant information, and must not illegally collect, use, process, or transmit the personal information of others, nor illegally trade, provide, or disclose the personal information of others.

According to the Personal Information Protection Law of the PRC (中華人民共和國個人信息保護法) ("Personal Information Protection Law") adopted by the SCNPC on August 20, 2021, and effective on November 1, 2021, personal information of natural persons is protected by law. No organization or individual may infringe upon natural persons' rights and interests relating to personal information. The Personal Information Protection Law integrates previously scattered rules on personal information rights and privacy protection, and initially establishes a personal information protection system. The Law clarifies that personal information shall be processed under the principles of lawfulness, legitimacy, necessity, and good faith and shall be processed for a clear and reasonable purpose, directly related to the processing purpose and in a manner that has the minimum impact on the rights and interests of individuals, and limited to the minimum scope necessary for achieving the processing purpose. It shall be processed under the principle of openness, and the quality of personal information shall be guaranteed and security measures shall be taken to prevent personal information from being accessed without authorization, divulged, tampered, or lost. It also stipulates the obligations of a personal information processor. The Personal Information Protection Law provides that a personal information processor may process personal information in accordance therewith on the basis of the six circumstances already specified thereunder. No organization or individual may illegally collect, use, process, or transmit personal information, illegally buy or sell, provide or make personal information public, or engage in the processing of personal information that endangers the national security or public interests. The Personal Information Protection Law clarifies the definition of "sensitive personal information", which means personal information that, once leaked or illegally used, may give rise to discrimination against individuals or endanger personal or property security, including information on biometrics, religious beliefs, specific identifications, medical health, financial accounts, and personal whereabouts, among others. Where a personal information processor processes sensitive personal information with the individual's consent, a separate consent shall be obtained from the individual. Where any law or administrative regulation provides that written consent shall be obtained for processing sensitive personal information, such provision shall prevail.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

The Trademark Law of the PRC (中華人民共和國商標法) and the Regulation on the Implementation of the Trademark Law of the PRC (中華人民共和國商標法實施條例) govern trademark registration, protection, and usage in China. Enacted on August 23, 1982, and last amended on April 23, 2019, the Trademark Law, effective from November 1, 2019, follows the "first-to-file" principle. It grants exclusive rights to trademark registrants, administered by the Trademark Office of the China National Intellectual Property Administration (國家知識產權局) (the "NIPA").

Registered trademarks are valid for ten years, renewable in ten-year increments. Renewal procedures must be completed within twelve months before expiry, with a possible six-month extension. The Trademark Office announces trademarks eligible for renewal. Trademark registrants can authorize others via licensing contracts, but licensing details must be filed with the Trademark Office. Failure to file won't affect bona fide third parties. Quality supervision is the licensor's responsibility, and licensees must maintain product quality when using the registered trademark.

Patent

The Patent Law of the PRC (中華人民共和國專利法) and the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) govern patent activities in China. Enacted on March 12, 1984, and last amended on October 17, 2020, the Patent Law became effective on June 1, 2021. The Patent Office of the NIPA oversees national patent work. Provincial, autonomous region, or municipal patent administration departments handle local jurisdictions.

The Patent Law and its Implementation Rules recognize three patent types: "invention," "utility model" and "design." Invention patents cover new technical solutions for products, methods, or their improvements. Utility model patents apply to practical technical solutions for product shapes, structures, or combinations. Design patents protect new aesthetic designs for products, including shape, pattern, and color combinations. Invention patents are valid for twenty years, design patents for fifteen years, and utility model patents for ten years from the application date.

China follows the "first to file" principle, granting patents to the earliest applicant for the same invention. Patentable inventions or utility models must be novel, inventive, and practical. Patent holders' rights are legally protected, allowing others to use the patent only with proper authorization. Unauthorized use constitutes patent infringement unless specified by law.

Domain Name

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) issued by the MIIT on August 24, 2017 (effective from November 1, 2017), and the Implementation Rules for National Top-Level Domain Name Registration (國家頂級域名註冊實施細則) released by the China

Internet Network Information Center on June 18, 2019 (effective on the same day), domain name owners must register their domain names. The MIIT oversees China's Internet domain names, while provincial, autonomous region, and municipal telecommunications management bureaus are responsible for domain name services within their respective regions. Registration operates on a "first come, first file" basis. Applicants must provide accurate information and enter registration agreements with domain name registration service providers. Upon completing the registration process, applicants become the domain name holders.

REGULATIONS ON LABOR AND SOCIAL SECURITY

Labor

According to the Labor Law of the PRC (中華人民共和國勞動法) promulgated on July 5, 1994 and amended on August 27, 2009 and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employees training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection.

The Labor Contract Law of the PRC (中華人民共和國勞動合同法) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) promulgated on September 18, 2008 set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) which was promulgated on October 28, 2010 and with effect from July 1, 2011 and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (社會保險費徵繳暫行條例) issued by the State Council on January 22, 1999 and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知) and Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見) promulgated on January 19, 2017 and March 6, 2019, the maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

According to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例) promulgated on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration of provident fund accounts for their employees within the designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

Pursuant 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)) issued by the Supreme People's Court on July 31, 2025 and with effect from September 1, 2025, where the employer and the laborer agree, or the laborer promises the employer, that there is no need to pay social insurance premiums, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to pay social insurance premiums in accordance with the law, and the laborer requests to terminate the labor contract and for the employer to pay economic compensation in accordance with item (3), Article 38 of the Labor Contract Law, the people's court shall support such claim in accordance with the law. Where the circumstances in the preceding paragraph exist, and the employer, after making up the social insurance premiums in accordance with the law, requests the laborer to return the social insurance compensation already paid, the people's court shall support such claim in accordance with the law.

REGULATIONS ON PRC TAX

Income Tax

According to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) 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) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019 and effective from the same date, 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.

Value-added Tax

Pursuant to the PRC Value-Added Tax Law (中華人民共和國增值稅法), which were promulgated by the SCNPC on December 25, 2024, became effective on January 1, 2026, and the Implementation Regulations of the PRC Value-Added Tax Law (中華人民共和國增值稅法實施條例), which were promulgated by the State Council on December 25, 2025, became effective on January 1, 2026, all entities or individuals (including individual industrial and commercial households) in the PRC engaged in the sale of goods, services, intangible assets and real estate (hereinafter referred to as taxable transactions) as well as import goods, are taxpayers of value-added tax, and are required to pay value-added tax (VAT).

According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]第36號)) promulgated by the MOF and the SAT promulgated on March 23, 2016 and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017 and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT. According to the Circular on Policies for Simplifying and Consolidating Value-added Tax Rates (Cai Shui [2017] No. 37) (關於簡併增值稅稅率有關政策的通知(財稅[2017]37號)), announced by the MOF and the SAT on April 28, 2017, and effective from July 1, 2017, the structure of value-added tax rates will be simplified from July 1, 2017, and the 13% VAT rate will be canceled. The scope of goods with 11% tax rate and the provisions for deducting input tax are specified.

According to the Circular on Adjusting Value-added Tax Rates of Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No. 32) (財政部、國家稅務總局關於調整增值稅稅率的通知(財稅[2018]32號)) announced by the MOF and the SAT on April 4, 2018 and effective on May 1, 2018, from May 1, 2018, where a taxpayer engages in a taxable sales activity for the value-added tax purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively.

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) (關於深化增值稅改革有關政策的公告(財政部、稅務總局、海關總署公告2019年第39號)) announced by the MOF, 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%.

OVERVIEW

We are a provider of core components of robotic precision transmission in China.

Our Company was incorporated as a joint stock company under the laws of the PRC in November 2013. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. Since our establishment, we have conducted several rounds of pre-IPO investments to fund our strategic growth and broaden our shareholder base. See "—Pre-IPO Investments" for details.

As of the Latest Practicable Date, Mr. Zhang collectively controlled 32.67% of the voting power at the general meetings of our Company, comprising (i) 4.13% beneficially owned by Mr. Zhang directly, (ii) 23.45% held through Laifu Investment, where its general partner, Shengzhou Shunhe Information Consulting Co., Ltd. (嵊州市順和信息諮詢有限公司), is controlled by Mr. Zhang, and (iii) 5.09% held through Jieyang Information, where Mr. Zhang acts as the general partner. Upon the Listing, Mr. Zhang will collectively control 28.42% of the voting power at the general meetings of our Company through the aforementioned interests and voting arrangements. Therefore, Mr. Zhang, together with Laifu Investment and Jieyang Information, will be the Single Largest Group of Shareholders upon the Listing.

BUSINESS MILESTONES

The following table illustrates our major business milestones:

Year	Milestones
2013	Our Company was incorporated as joint stock company in the PRC.
2013	We commenced R&D of the robotic precision transmission component.
2015	We commenced commercialization of our LS series products, which are the predecessors of our current harmonic reducers.
2016	We commenced commercialization of our LH series products, which are the predecessors of our current harmonic reducers.
2018	We became the second largest domestic brand of harmonic reducers in the PRC, with sales covering industrial robots and other automation equipment.
2022	We commenced research and development of robot joint modules and were recognized as a national-level "Specialized, Refined, Distinctive and Innovative Little Giant" enterprise.
2023	We completed the upgrade of tooth profile and completed the research and development of our proprietary δ-tooth FS and FH series products. We commenced the research and development of high torque series products.
2023	We commenced commercialization of our high-voltage joint module.
2024	We commenced commercialization of our low-voltage joint module.
2025	We commenced commercialization of our double-steel-wheel harmonic reducer.

Year	Milestones
2025	We commenced commercialization of our robotic arm.
2025	We were recognized as a national-level "Key Specialized, Refined, Distinctive and Innovative Little Giant" enterprise.

OUR COMPANY

Our Company's Early Development

On November 26, 2013, our Company was established as a joint stock company under the laws of the PRC by Shengzhou Xinhua Bearing Co., Ltd. (嵊州市新華軸承有限公司) ("Shengzhou Xinhua"), Mr. Yuan Anfu (袁安富) ("Mr. Yuan") and Mr. Wang Changmao (王長茂) ("Mr. Wang"), being our promoters, with a registered capital of RMB10.0 million. Shengzhou Xinhua, a company engaged in the manufacturing and sales of bearings and accessories, was wholly owned by Ms. Yin Qiqi (尹琪琦), a family member of Mr. Zhang. Mr. Yuan, worked as a professor of Nanjing University of Information Science and Technology (南京信息工程大學) from January 2005 to December 2024. Mr. Wang, a chairman of the board of director of Zhejiang LVHE Ecological Technology Co., Ltd. (浙江綠禾生態科技股份有限公司) since January 2019. Each of Mr. Yuan and Mr. Wang was an Independent Third Party. Upon incorporation, our Company was owned by Shengzhou Xinhua, Mr. Yuan and Mr. Wang as to 51.00%, 40.00% and 9.00%, respectively.

Pursuant to the Shareholders' resolutions dated December 1, 2015, the registered share capital of our Company was increased from RMB10.0 million to RMB20.0 million, with the additional RMB9.1 million subscribed by Laifu Investment and RMB0.9 million subscribed by Mr. Wang. On December 9, 2015, (i) Shengzhou Xinhua entered into a share transfer agreement with Laifu Investment, pursuant to which Shengzhou Xinhua agreed to transfer its 25.50% equity interest in our Company to Laifu Investment at the consideration of RMB5.1 million, and (ii) Mr. Yuan entered into a share transfer agreement with Mr. Zhang, pursuant to which Mr. Yuan agreed to transfer his 5.00% equity interest in our Company to Mr. Zhang at the consideration of RMB1.0 million. Upon completion of such capital increase and share transfer, Shengzhou Xinhua ceased to be our Shareholder and our Company was owned by Laifu Investment, Mr. Yuan, Mr. Wang and Mr. Zhang as to 71.00%, 15.00%, 9.00% and 5.00%, respectively.

On August 8, 2016, (i) Mr. Yuan entered into a share transfer agreement with Mr. Peng Shengliang (彭勝良) ("Mr. Peng"), the manufacturing director of the company, pursuant to which Mr. Yuan agreed to transfer his 2.5% equity interest in our Company to Mr. Peng Shengliang at the consideration of RMB0.5 million, and (ii) Mr. Yuan entered into a share transfer agreement with Mr. Yang Ran (楊燃) ("Mr. Yang"), the then research and development director of the Company, pursuant to which Mr. Yuan agreed to transfer his 1% equity interest in our Company to Mr. Yang at the consideration of RMB0.2 million. Pursuant to the Shareholders' resolutions dated August 16, 2016, the registered share capital of our Company was increased from RMB20.0 million to RMB30.0 million, with the additional RMB7.1 million subscribed by Laifu Investment, RMB0.9 million subscribed by Mr. Wang, RMB0.5 million subscribed by Mr. Zhang, RMB1.15 million subscribed by Mr. Yuan, RMB0.1 million subscribed by Mr. Yang and RMB0.25 million subscribed by Mr. Peng. Upon completion of such share transfer and capital increase, our Company was owned by Laifu Investment, Mr. Yuan, Mr. Wang, Mr. Zhang, Mr. Peng and Mr. Yang Ran as to 71.00%, 11.50%, 9.00%, 5.00%, 2.50% and 1.00%, respectively.

Shareholding changes in respect of our Single Largest Group of Shareholders

(a) Equity Transfers and Capital Increase in August 2016

On August 16, 2016, the then shareholders of our Company, Laifu Investment, Mr. Wang, Mr. Zhang and Mr. Yuan, resolved to increase the registered capital of our Company from RMB20.0 million to

RMB30.0 million, and the increase in registered capital of RMB10.0 million was subscribed as to RMB7.1 million by Laifu Investment, RMB0.9 million by Mr. Wang, RMB0.5 million by Mr. Zhang, RMB1.15 million by Mr. Yuan, RMB0.1 million by Mr. Yang and RMB0.25 million by Mr. Peng.

Upon the completion of the equity transfers and capital increase on August 17, 2016, our Company was owned as to 71.00%, 11.50%, 9.00%, 5.00%, 2.50% and 1.00% by Laifu Investment, Mr. Yuan, Mr. Wang, Mr. Zhang, Mr. Peng and Mr. Yang, respectively.

(b) Equity Transfers and Capital Increase in January 2018

On December 29, 2017, the then shareholders of our Company resolved to approve the following equity transfers to Jieyang Information including (i) the transfer of 3.15% equity interests in our Company held by Laifu Investment at the consideration of RMB1.18 million; (ii) the transfer of 0.63% equity interests in our Company held by Mr. Zhang at the consideration of RMB0.24 million; (iii) the transfer of 1.13% equity interests in our Company held by Mr. Wang at the consideration of RMB0.42 million; (iv) the transfer of 1.44% equity interests in our Company held by Mr. Yuan at the consideration of RMB0.54 million; (v) the transfer of 0.31% equity interests in our Company held by Mr. Peng at the consideration of RMB0.12 million; and (vi) the transfer of 0.13% equity interests in our Company held by Mr. Yang at the consideration of RMB0.047 million.

On the same day, the then shareholders of our Company further resolved to increase the registered capital of our Company from RMB37.50 million to RMB50.91 million, and the increase in registered capital of RMB13.41 million was subscribed as to RMB10.53 million by Beta Achieve and RMB2.88 million by Rushan Huian, respectively. Additionally, RMB25.97 million subscribed by Beta Achieve and RMB7.12 million subscribed by Rushan Huian shall also be converted into our Company's capital reserves.

Upon the completion of the equity transfers and capital increase on January 11, 2018, our Company was owned as to 39.52% by Laifu Investment, 20.68% by Beta Achieve, 12.29% by Rushan Huian, 7.37% by Rushan Xinxing, 5.71% by Mr. Yuan, 5.00% by Jieyang Information, 4.47% by Mr. Wang, 2.48% by Mr. Zhang, 1.24% by Mr. Peng, 0.74% by Mr. Wang Yong and 0.50% by Mr. Yang, respectively.

(c) Equity Transfers in July 2018

On July 13, 2018, the then shareholders of our Company resolved to approve the following equity transfers including (i) the transfer of 5.71% equity interests in our Company held by Mr. Yuan to Mr. Zhang at the consideration of RMB5.82 million; (ii) the transfer of 4.29% equity interests in our Company held by Mr. Wang to Mr. Zhang at the consideration of RMB4.37 million; (iii) the transfer of 0.18% equity interests in our Company held by Mr. Wang to Laifu Investment at the consideration of RMB0.19 million; (iv) the transfer of 1.24% equity interests in our Company held by Mr. Peng to Laifu Investment at the consideration of RMB1.27 million; (v) the transfer of 0.50% equity interests in our Company held by Mr. Yang to Laifu Investment at the consideration of RMB0.51 million.

Upon the completion of the equity transfers on July 26, 2018, our Company was owned as to 41.44% by Laifu Investment, 20.68% by Beta Achieve, 12.48% by Mr. Zhang, 12.29% by Rushan Huian, 7.37% by Rushan Xinxing, 5.00% by Jieyang Information and 0.74% by Mr. Wang Yong, respectively.

(d) Equity Transfer Capital Increase in April 2019

On April 26, 2019, the then shareholders of our Company resolved to approve the equity transfer to Guozhong SME Fund and increase the registered capital of our Company from RMB58.17 million to RMB62.24 million.

Upon the completion of the equity transfer and capital increase on May 5, 2019, our Company was owned as to 33.90% by Laifu Investment, 18.35% by Beta Achieve, 10.79% by Guozhong SME Fund, 10.23% by Sushang JVC, 10.06% by Rushan Huian, 6.03% by Rushan Xinxing, 5.96% by Mr. Zhang, 4.09% by Jieyang Information and 0.60% by Mr. Wang Yong, respectively.

(e) Capital Increase in November 2021

On November 1, 2021, the then shareholders of our Company resolved to increase the registered capital of our Company from RMB65.73 million to RMB67.76 million, and was agreed that Jieyang Information shall subscribe for RMB17.47 million to our Company's newly increased registered capital and RMB15.44 million shall be converted into our Company's capital reserves.

Upon the completion of the capital increase on November 17, 2021, our Company was owned as to 31.14% by Laifu Investment, 16.85% by Beta Achieve, 9.91% by Guozhong SME Fund, 9.39% by Sushang JVC, 9.24% by Rushan Huian, 6.76% by Jieyang Information, 5.53% by Rushan Xinxing, 5.48% by Mr. Zhang, 5.15% by Haian Huijun and 0.55% by Mr. Wang Yong, respectively.

Pre-IPO Investments

To fund our strategic growth and broaden our shareholder base, we have conducted several rounds of pre-IPO investments since the incorporation of our Company. See "—Pre-IPO Investments" for details.

OUR PRINCIPAL SUBSIDIARIES

The following entities were our subsidiaries which made material contribution to our results of operations during the Track Record Period.

Name	Place of incorporation	Date of incorporation	Principal business activities
Shengzhou Laifual	PRC	July 9, 2019	Research and development of Company's products
Jiangsu Laifual	PRC	March 18, 2020	Marketing, product distribution and customer service
Xiamen Laifual	PRC	December 9, 2021	Marketing, product distribution and customer service
CmdRob	PRC	November 17, 2022	Research and development of complex joint modules and related products
Chongqing Laifual	PRC	September 1, 2025	Research and development of harmonic reducers and related products

MATERIAL ACQUISITIONS AND DISPOSALS

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

PRE-IPO INVESTMENTS

Principal Terms of the Pre-IPO Investments

The table below summarizes the principal terms of the pre-IPO investments:

Name of Pre-IPO Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/ acquired	Consideration[(2)]	Cost per Share paid[(3)]	Discount to the Offer Price[(4)]
			(RMB)	(RMB)	(RMB)	(%)
Series A Investment (Pre-money valuation: RMB90.0 million; Post-money valuation: RMB100.0 million)						
Equity subscription						
Zhuji Rushan Huian Venture Capital Partnership (L.P.). (諸暨如山匯安創業投資合夥企業(有限合夥)) ("Rushan Huian") . . .	July 25, 2017	July 28, 2017	3,375,000	9.0 million	2.67	96.54
Mr. Wang Yong (王涌) . .	July 25, 2017	August 17, 2017	375,000	1.0 million	2.67	96.55
Series B Investment (Pre-money valuation: RMB130.0 million; Post-money valuation: RMB176.5 million)						
Equity subscription						
Beta Achieve	December 29, 2017	February 24, 2018	10,528,846	36.5 million	3.47	95.51
Rushan Huian	December 29, 2017	February 8, 2018	2,884,616	10.0 million	3.47	95.51
Series C Investment (Pre-money valuation: RMB400.0 million; Post-money valuation: RMB457.0 million)						
Equity subscription						
Beta Achieve	July 5, 2018	March 20, 2019	890,986	7.0 million	7.86	89.83
Suzhou Sushang Joint Venture Capital Partnership (L.P) (蘇州蘇商聯合產業投資合夥企業(有限合夥)) ("Sushang JVC") . . .	July 5, 2018	July 20, 2018	6,364,183	50.0 million	7.83	89.86
Series D Investment (Pre-money valuation: RMB500.0 million; Post-money valuation: RMB565.0 million)						
Equity subscription						
Guozhong SME Fund . .	March 20, 2019	May 14, 2019	4,071,804	35.0 million	8.60	88.88
Haian Huijun Jincai Phase I Industrial Investment Partnership Enterprise (L.P.) (海安惠浚金財一期產業投資合夥企業(有限合夥)) ("Haian Huijun") . . .	October 20, 2019	March 30, 2020	3,490,118	30.0 million	8.60	88.88
Equity transfer						
Guozhong SME Fund[(5)] .	March 20, 2019	May 14, 2019	2,644,029	15.0 million	5.67	92.66
Series E Investment (Pre-money valuation: RMB700.0 million; Post-money valuation: RMB780.0 million)						
Equity subscription						

Name of Pre-IPO Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/ acquired	Consideration[2]	Cost per Share paid[3]	Discount to the Offer Price[4]
			(RMB)	(RMB)	(RMB)	(%)
China Electronics CICC (Xiamen) Intelligent Industry Equity Investment Fund Partnership (L.P) (中電中金(廈門)智能產業股權投資基金合夥企業(有限合夥)) ("CEC CICC Fund")	November 19, 2021	November 29, 2021	3,872,198	40.0 million	10.33	86.63
Lenovo Fund	November 19, 2021	December 9, 2021	3,872,198	40.0 million	10.33	86.63
Equity Transfers						
CEC CICC Fund[6]	November 19, 2021	November 29, 2021	1,210,061	10.0 million	8.26	89.31
Lenovo Fund[7]	November 19, 2021	January 25, 2022	1,210,061	10.0 million	8.26	89.31
Series E+ Investment (Pre-money valuation: RMB900.0 million; Post-money valuation: RMB965.0 million)						
Equity subscription						
Redview Capital Investment XIV Limited ("Redview")	December 29, 2021	February 11, 2022	5,453,345	65.0 million	11.92	84.58
Series F Investment (Pre-money valuation: RMB1.35 billion; Post-money valuation: RMB1.50 billion)						
Equity subscription						
CDBC Fund	October 27, 2022	October 31, 2022	8,995,689	150.0 million	16.67	78.42
Equity transfers						
Shanghai Hongyu Aviation Industry Equity Investment Partnership (L.P) (上海泓宇航空產業股權投資合夥企業(有限合夥)) ("Hongyu Investment")[8]	October 12, 2022	November 4, 2022	3,182,092	46.7 million	14.67	81.01
Tianjin Haihe Furui Equity Investment Fund Partnership (L.P) (天津海河福睿股權投資基金合夥企業(有限合夥)) ("Haihe Furui")[9]	December 9, 2022	January 20, 2023	1,551,956	22.8 million	14.67	81.01

Name of Pre-IPO Investor(s)	Date of contract	Date of settlement	Registered capital of our Company subscribed for/ acquired	Consideration(2)	Cost per Share paid(3)	Discount to the Offer Price(4)
			(RMB)	(RMB)	(RMB)	(%)
Hangzhou Runxin Dianjing Equity Investment Partnership (L.P) (杭州潤心點精股權投資合夥企業(有限合夥)) ("Runxin Dianjing")(9)	December 19, 2022	January 17, 2023	1,362,983	20.0 million	14.67	81.01

(1) The post-money valuation is calculated by dividing the total consideration of equity subscriptions under the relevant round of the Pre-IPO investment by the percentage of the new subscribed equity interest in the total registered capital of our Company at the relevant time. The pre-money valuation is calculated by excluding the total consideration of equity subscriptions from the post-money valuation under the relevant round of the pre-IPO investment. The valuation of our Company has been increasing along with our rapid business development.

(2) The consideration for the Pre-IPO investments was determined based on arm's length negotiations between the Company and the Pre-IPO Investors, taking into account the timing of the investments and the status of our business and financial performance. Under certain transfers of equity interest between our investors, the relevant investors considered various factors, such as timing of the transaction, past or present relationships between the parties and their respective bargaining power in the negotiations when determining the consideration, in addition to the then valuation of our Company, and thus agreed on a discount to the then valuation.

(3) The cost per Share is calculated based on dividing the consideration by the number of Shares subscribed or acquired taking into consideration the capital increase resulted from the capital reserve conversion.

(4) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK$81.25 per H Share, being the mid-point of the indicative Offer Price range of HK$77.00 to HK$85.50 per H Share, and that the Over-allotment Option is not exercised.

(5) The equity interest was transferred from Mr. Zhang.

(6) The equity interest was transferred from Mr. Wang Yong and Zhejiang Rushan Xinxing Venture Capital Co., Ltd. (浙江如山新興創業投資有限公司) ("Rushan Xinxing"). Upon the completion of such equity transfers, Mr. Wang Yong and Rushan Xinxing ceased to be our Shareholder.

(7) The equity interest was transferred from Beta Achieve.

(8) The equity interest was transferred from Sushang JVC.

(9) The equity interest was transferred from Rushan Xinxing. Rushan Xinxing was our previous investor and upon the completion of such equity transfers, Rushan Xinxing ceased to be our Shareholder.

Reasons for Fluctuations in Valuation in the Pre-IPO Investments

The principal reasons for the significant increases in our Company's valuation from the previous rounds of Pre-IPO Investments to the Listing are as follows:

(1) the increase in valuation from the Series B investment to Series C investment was mainly due to the significant growth in business performance in 2018 comparing to that of 2017, with shipments exceeding 40,000 units, demonstrating that the Company's harmonic reducers have entered the mass production stage;

(2) the increase in valuation from the Series D investment to Series E investment was mainly due to (i) an increase in investor's awareness of our Company and the harmonic reducer industry arising from the expanding applications of cobots in the market and our Company being the then second largest domestic harmonic reducer provider in the PRC in terms of shipment volume, and (ii) the significant increase in our sales revenue;

(3) the increase in valuation from the Series E+ investment to Series F investment was mainly due to the Company completed the research and development of joint modules and completed sample production in 2022. During the same period, the self-produced cross bearings began to be used in bulk, and the business performance also showed significant growth;

(4) the increase in valuation from the Series F investment to the Listing was mainly due to (i) an expansion in the downstream humanoid robotics market leading to an increase in demand in our products; (ii) the continuous development of our products, (iii) the further achievement in commercialization of our products, and (iv) the premium attached to the Shares of our Company as they become freely tradeable upon the Listing.

Use of Proceeds from the Pre-IPO Investments

The proceeds received by us from the pre-IPO investments which involved subscriptions of increased registered capital of our Company amounted to approximately RMB483.6 million. As of the Latest Practicable Date, all of the proceeds from the pre-IPO investments had been utilized for our general operation and working capital purposes.

Special Rights of Our Pre-IPO Investors

In connection with the pre-IPO investments, our Pre-IPO Investors were granted certain special rights, including, among others, pre-emptive right, right of first refusal, right of co-sale, right to receive dividend, redemption right, information right, inspection right, anti-dilution right, drag-along right and special rights in liquidation pursuant to our current effective shareholders agreement and articles of association. In anticipation of the Global Offering, our Shareholders entered into the special rights termination agreement dated December 25, 2025, pursuant to which, among others, (i) their redemption rights are terminated before the submission of application for the Listing by us and (ii) all other special rights granted to our Pre-IPO Investors shall be terminated before the Listing. Their redemption rights and all other special rights which have been or will be terminated shall be reinstated upon the occurrence of the following circumstances: (i) the Company withdraws its listing application (including voluntary or involuntary withdrawal); (ii) the Stock Exchange and/or the SFC rejects the Company's listing application; (iii) the Stock Exchange and/or the SFC returns the Company's listing application; (iv) the CSRC terminates the Company's filing procedure for the application to list its H Shares; or (v) the Company is unable to complete the Listing within 24 months of its first submission of listing application.

Compliance with the Guide

Based on the fact that (i) the consideration for the pre-IPO investments was irrevocably settled more than 28 days before the date of the first submission of the first listing application form, and (ii) the special rights granted to the Pre-IPO Investors shall be terminated in compliance with Chapter 4.2 of the Guide, the Sole Sponsor has confirmed that the pre-IPO investments are in compliance with the Chapter 4.2 of the Guide.

Information regarding Our Principal Pre-IPO Investors

Set out below is a description of our Sophisticated Independent Investors (including Pathfinder SIIs) and other principal Pre-IPO Investors (being sophisticated investors such as private equity funds and corporations, and that have made meaningful investments in our Company). Among our Pre-IPO Investors, we have four Sophisticated Independent Investors, two of which are Pathfinder Sophisticated Independent Investors. To the best knowledge of our Directors, each of our Sophisticated Independent Investors and other principal Pre-IPO Investors is independent from and not connected with any Director, chief executive or substantial Shareholder of our Company, or its subsidiaries, or any of their respective close associates, and each of such Pre-IPO Investors is independent from each other.

Our Pathfinder SIIs

Lenovo Fund

Lenovo Fund is an investment vehicle established in the PRC as a limited partnership on May 16, 2018. Lenovo Fund is owned by Hubei Yangtze Zhiji Xingyuan Investment Management Centre (Limited Partnership) (湖北長江知己行遠投資管理中心(有限合夥)) ("Zhiji Xingyuan") as to 1.00% as its general partner, and Lenovo Zhiyuan (Tianjin) Technology Co., Ltd. (聯想知遠(天津)科技有限公司) ("Lenovo Zhiyuan"), Hubei Yangtze Industrial Investment Fund Partnership (Limited Partnership) (湖北長江產業投資基金合夥企業(有限合夥)) ("Yangtze Industrial Fund"), and Wuhan Optics Valley Industrial Investment Co., Ltd. (武漢光谷產業投資有限公司) ("Optics Valley Industrial Investment") which is ultimately controlled by Management Committee of Wuhan East Lake High-Tech Development Zone (武漢東湖新技術開發區管理委員會), a state-owned enterprise, as to 50.00%, 39.00% and 10.00%, respectively. Pursuant to the relevant partnership agreement, the general partner of Lenovo Fund has the authority to manage and control the affairs of the partnership and has the right to determine the partnership's investment matters through the investment decision committee. As of the Latest Practicable Date, the general partner of Yangtze Industrial Fund was Changjiang Industrial Investment Private Equity Fund Management Co., Ltd. (長江產業投資私募基金管理有限公司), holding 0.25% general partner interests, and Changjiang Industrial Investment Group Co., Ltd. (長江產業投資集團有限公司), which was wholly-owned by State-owned Assets Supervision and Administration Commission of the People's Government of Hubei Province (湖北省人民政府國有資產監督管理委員會), being the only limited partner, held 99.75% limited partner interests in Yangtze Industrial Fund. Both of Zhiji Xingyuan and Lenovo Zhiyuan are controlled by Lenovo Group Limited (聯想集團有限公司) (stock code: 0992.HK) ("Lenovo Group") through contractual arrangements. To the best knowledge of our Company, Lenovo Group and Yangtze Industrial Fund and their respective ultimate beneficial owners are Independent Third Parties.

Our Company became acquainted with Lenovo Group by way of industry conference. As of the Latest Practicable Date and throughout the pre-application 12-month period, Lenovo Fund held approximately 5.65% of the total issued Shares of our Company. Lenovo Group is a key participant in the technology and information services industry, committed to supporting digital transformation for enterprises. As the world's largest personal computer manufacturer, Lenovo Group leverages the proven practices from its global smart factories to output validated smart manufacturing technologies and solutions to its supply chain partners, empowering the digital transformation and upgrading of the manufacturing ecosystem. According to CIC, Lenovo Group was a key participant in the downstream intelligent devices and robotic industry of the Company in terms of revenue in China as of May 30, 2021 (being a date not more than six months prior to the date on which Lenovo Fund signed the relevant definitive agreement for its investment in our Company) and September 30, 2025, respectively. Lenovo Group's market share in the downstream intelligent devices and robotic industry in terms of intelligent devices sales volume, was 6.7% and 8.0% in 2020 and 2025, respectively, ranking it among the top five downstream intelligent device suppliers in both years, according to CIC. As Lenovo Group meets the threshold set out in Chapter 2.5 of the Guide and Lenovo Fund is ultimately managed by Lenovo Group, thus Lenovo Fund qualifies as a SII.

CDBC Fund

CDBC Fund is a limited partnership established under the laws of the PRC. The general partner of CDBC Fund is CDBC Investment Fund Management Co., Ltd. (國開投資基金管理有限責任公司) ("CDBC Investment"), holding 0.2% general partner interests in it, a company wholly owned by China Development Bank Capital Co., Ltd (國開金融有限責任公司) ("CDB Capital") which is ultimately controlled by Ministry of Finance (中華人民共和國財政部). The decisions relating to investments and operational management are made by its investment committee in accordance with its constitutional documents. The only limited partner of CDBC Fund is National Manufacturing Transformation and

Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) ("National MTU Fund") which no shareholders hold 30% or more interests in it, holding 99.80% partnership interests in CDBC Fund. CDBC Investment, CDB Capital and National MTU Fund and their respective ultimate beneficial owners are an Independent Third Parties.

The Group became acquainted with of CDBC Fund by way of investment roadshow. Founded in May 2020, CDBC Fund is a leading investment management firm that specializes in private equity, with a primary focus on equity investments in advanced manufacturing sectors such as artificial intelligence, new energy and aerospace. Portfolio companies of CDBC Fund include Beijing Fourth Paradigm Technology Co., Ltd. (北京第四範式智能技術股份有限公司) (stock code: 06682), WeRide Inc. (stock code: 0800), Haohua Chemical Science & Technology Corp., Ltd. (昊華化工科技集團股份有限公司) (stock code: 600378.SH), Hebei Zhongci Electronic Technology Co., Ltd. (河北中瓷電子科技股份有限公司) (stock code: 003031.SZ), CICT Mobile Communication Technology Co., Ltd. (中信科移動通信技術股份有限公司) (stock code: 688387) and Shenzhen Youjia Innovation Technology Co., Ltd. (深圳佑駕創新科技股份有限公司) (stock code: 02431.HK).

As of the Latest Practicable Date and throughout the pre-application 12-month period, CDBC Fund held approximately 10.00% of the total issued Shares of our Company. The AUM of CDBC Investment was over RMB26.2 billion as of September 30, 2022 (being a date not more than six months prior to the date on which CDBC Fund signed the relevant definitive agreement for its investment in our Company), and over RMB46.3 billion as of September 30, 2025, respectively. As the AUM of CDBC Investment meets the threshold set out in Chapter 2.5 of the Guide, and the investment decisions of CDBC Fund are ultimately managed and controlled by CDBC Investment, CDBC Fund qualifies as a SII.

Our Other SIIs

Beta Achieve

Beta Achieve is a limited liability company established in Hong Kong and owned by (i) Northern Light Venture Fund V, L.P. as to 91.67%, (ii) Northern Light Strategic Fund V, L.P. as to 7.17%, and (iii) Northern Light Partners Fund V, L.P as to 1.16%. The three limited partnerships are exempted limited partnerships established in the Cayman Islands and are managed by Northern Light Partners V, L.P. which is managed by Northern Light Venture Capital V, Ltd. ("Northern Light Venture Capital") as its general partner. Northern Light Venture Fund V, L.P. has 23 limited partners, Northern Light Strategic Fund V, L.P. has four limited partners, and Northern Light Partners Fund V, L.P. has nine limited partners. No limited partner holds 30% or more of the interests. The limited partners of the three limited partnerships primarily consist of institutional investors, such as endowments and foundations. Northern Light Venture Capital and its ultimate beneficial owner, Feng Deng, are Independent Third Parties. Beta Achieve serves as a dedicated investment vehicle for Northern Light Venture Capital, a venture capital firm committed to investing in early-stage, technology-driven innovative companies, with a primary focus on the new technology, healthcare, and new consumer industries. The investment committee of Beta Achieve is composed of two members, appointed by the its board of directors. Investment decisions of Beta Achieve are rendered through a majority vote of the members present at a duly convened meeting. The members of such investment committee typically possess extensive experience and profound insights in venture capital, private equity investment, technology, or other relevant industries. Their responsibilities encompass the comprehensive evaluation, approval, and ongoing monitoring of Beta Achieve's investment portfolio. The establishment of Beta Achieve was formally approved by the investment committee of Northern Light Venture Capital.

Northern Light Venture Capital was founded by Mr. Deng Feng in 2005 and is a venture capital firm focusing on early-stage technology innovation companies. Since 2005, Northern Light Venture Capital has invested in over 400 companies. Its investment portfolio includes multiple listed companies. We were introduced to the partners of Northern Light Venture Capital through an introduction by industry peers. As of the Latest Practicable Date, Beta Achieve held approximately 11.35% of the total issued shares of the Company.

The AUM of Northern Light Venture Capital was approximately HK$21.6 billion as of September 30, 2017 (being a date not more than six months prior to the date on which of Beta Achieve signed the relevant definitive agreement for its investment in our Company), and approximately HK$28.0 billion as of September 30, 2025, respectively. Beta Achieve is one of the investment vehicles under Northern Light Venture Capital. As the AUM of Northern Light Venture Capital meets the threshold set out in Chapter 2.5 of the Guide, and the investment decisions of Beta Achieve are ultimately managed and controlled by Northern Light Venture Capital, Beta Achieve qualifies as a SII.

Guozhong SME Fund

Guozhong SME Fund is a limited partnership established under the laws of the PRC and is the first entity fund of National Small and Medium Sized Enterprise Development Fund Co., Ltd. (國家中小企業發展基金有限公司). The general partner of Guozhong SME Fund is Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司) ("Guozhong Capital"), a company which is ultimately controlled by Mr. Shi Anping (施安平), an Independent Third Party. Pursuant to the relevant partnership agreement, the general partner of Guozhong SME Fund is authorised to make decisions in respect of investments and operational management of the Fund. The other eight limited partners and their respective ultimate beneficial owners of Guozhong SME Fund are Independent Third Parties and none of the limited partners holds 30% or more partnership interest in Guozhong SME Fund.

The Group became acquainted with Guozhong SME Fund by way of investment roadshow. Founded in December 2015, Guozhong SME Fund primarily focuses on investments in the fields of green, low-carbon and new energy automobiles, semiconductors and electronic information, new materials and advanced manufacturing, healthcare, AI+ and body intelligence, artificial intelligence applications, new displays and smart terminals. Portfolio companies of Guozhong SME Fund include Shenzhen Seichi Technologies Co., Ltd. (深圳精智達技術股份有限公司) (stock code: 688627.SH), Suzhou Oriental Semiconductor Company Limited (蘇州東微半導體股份有限公司) (stock code: 688261.SH), Henan Shijia Photons Technology Co., Ltd. (河南仕佳光子科技股份有限公司) (stock code: 688313.SH), Shenzhen Mindray Bio-Medical Electronics Co., Ltd. (深圳邁瑞生物醫療電子股份有限公司) (stock code: 300760.SZ) and RemeGen Co., Ltd. (榮昌生物製藥(煙台)股份有限公司) (stock code: 9995.HK and 688331.SH). Guozhong Capital was awarded as one of Zero2IPO's Top 20 venture capital organizations in the PRC, and one of China's Top 16 Best Venture Capital Institutions in 2024.

As of the Latest Practicable Date, Guozhong SME Fund held approximately 7.47% of the total issued Shares of our Company. The AUM of Guozhong Capital was approximately RMB4.95 billion as of December 31, 2018 (being a date not more than six months prior to the date on which of Guozhong SME Fund signed the relevant definitive agreement for its investment in our Company) which was derived primarily from Specialist Technology investments in technological innovation investment focusing on advanced manufacturing, intelligent equipment, and new-generation of information technology, as confirmed by CIC. The AUM of Guozhong Capital which was derived primarily from Special Technology investments, as confirmed by CIC, was approximately RMB10.50 billion as of September 30, 2025. As the AUM of Guozhong Capital meets the threshold set out in Chapter 2.5 of the Guide and the investment decisions of Guozhong SME Fund are ultimately managed and controlled by Guozhong Capital, Guozhong SME Fund qualifies as a SII.

Our Other Pre-IPO Investors

1. Rushan Huian

Rushan Huian is a limited partnership established under the laws of the PRC in May 2017. The general partner of Rushan Huian is Zhejiang Rushan Huijin Private Equity Fund Management Co., Ltd. (浙江如山匯金私募基金管理有限公司), which is ultimately owned and controlled by Zijin Mining Group Company Limited (紫金礦業集團股份有限公司) (stock code: 601899.SZ and 02899.HK), an Independent Third Party. The 14 limited partners of Rushan Huian and their respective ultimate beneficial owners (if applicable) are Independent Third Parties. The largest limited partner is Zhejiang Dun'an Industrial Co., Ltd. (浙江盾安實業有限公司) ("Dun'an Industrial"), holding 43.33% partnership interest in Rushan Huian. Dun'an Industrial is wholly owned and controlled by Dunan Holding Group Co., Ltd. (盾安控股集團有限公司), which is ultimately owned by Yao Xinyi (姚新義) and Yao Xinquan (姚新泉) as of 51% and 49% respectively. None of the other 13 limited partners holds 30% or more partnership interest in Rushan Huian.

2. Redview

Redview is an exempted company incorporated in the Cayman Islands with limited liability on November 8, 2021, ultimately controlled by Redview Capital II L.P., which is a private fund registered in the Cayman Islands and no shareholders holds 30% or more equity interests in Redview Capital II L.P.. To the best knowledge and information of the Company, the above entities and their respective ultimate beneficial owners (if applicable) are Independent Third Parties.

3. CEC CICC Fund

CEC CICC Fund is a limited partnership established under the laws of the PRC in May 2018. The general partner of CEC CICC Fund is Zhongdian Zhongjin (Xiamen) Electronic Industry Private Equity Investment Management Co., Ltd. (中電中金(廈門)電子產業私募股權投資管理有限公司), which is ultimately owned by China International Capital Corporation Limited (中國國際金融股份有限公司) (stock code: 601995.SH and 03908.HK), China Electronic Information Industry Group Co., Ltd. (中國電子信息產業集團有限公司) and Wuhan Optics Valley United Group Co., Ltd. (武漢光谷聯合集團有限公司) as of 51%, 29% and 20%, respectively. The above entities and the 15 limited partners of CEC CICC Fund are Independent Third Parties and none of the limited partners holds 30% or more partnership interest in CEC CICC Fund.

4. Haian Huijun

Haian Huijun is a limited partnership established under the laws of the PRC in March 2018. The general partner of Haian Huijun is Ningbo Lianchuang Yongjun Private Equity Fund Management Co., Ltd. (寧波聯創永浚私募基金管理有限公司), a company which is held as to 36.25% by Mr. Yang Jun (楊駿), 25.50% by Mr. Wang Minchen (王敏晨), 25.50% indirectly by Beijing Newmargin Capital Investment Management Group Co., Ltd. (聯創投資集團股份有限公司) and 12.75% by Mr. Zhao Liang (趙亮). Mr. Yang Jun (楊駿), Mr. Wang Minchen (王敏晨), Beijing Newmargin Capital Investment Management Group Co., Ltd. (聯創投資集團股份有限公司), Mr. Zhao Liang (趙亮) and the 11 limited partners of Haian Huijun are Independent Third Parties. The largest limited partner of Haian Huijun is Shanghai Junmi Equity Investment Fund Management Co., Ltd. (上海均彌股權投資基金管理有限公司), holding 36.69% partnership interest in Haian Huijun. Shanghai Junmi Equity Investment Fund Management Co., Ltd. is ultimately owned by Mr. Ma Xiaoqing (馬曉清), Mr. Zhang Haoying (張浩英), Ms. Su Yuzhen (蘇玉珍), and Mr. Zheng Kangning (鄭康寧) as of approximately 38.25%, 31.36%, 17.64% and 12.75%, respectively. None of the other ten limited partners holds 30% or more partnership interest in Haian Huijun.

5. Sushang JVC

Sushang JVC is a limited partnership established under the laws of the PRC in July 2017. The general partners of Sushang JVC are Shanghai Qianyue Investment Management Co., Ltd. (上海謙越投資管理有限公司) ("Shanghai Qianyue") and Shanghai Jinfeng Enterprise Management Center (Limited Partnership) (上海金溓企業管理中心(有限合夥)) ("Shanghai Jinfeng"). Shanghai Qianyue is held as to 30% by Ningbo Meishan Bonded Port Jincheng Shazhou Equity Investment Co., Ltd. (寧波梅山保稅港區錦程沙洲股權投資有限公司), 21.92% indirectly by Jiangsu Yangchuan Investment and Development Co., Ltd. (江蘇揚船投資發展有限公司), 20% by GP Capital Co., Ltd. (金浦產業投資基金管理有限公司), 17.12% by Shanghai Jinfeng and 10.96% by Mr. Wang Xiaonan (王效南). Ningbo Meishan Bonded Port Jincheng Shazhou Equity Investment Co., Ltd. is a company which is held as to 70.52% by Shen Bin (沈彬). The general partner of Shanghai Jinfeng is Mr. Lu Fenglei (陸風雷), an Independent Third Party. Shanghai Jinfeng is held as to 69.00% by Mr. Wang Yan (王艷) and 30.00% by Mr. Lu Houjun (呂厚軍). The above entities and the nine limited partners of Sushang JVC are Independent Third Parties and none of the limited partners holds 30% or more partnership interest in Sushang JVC.

6. Hongyu Investment

Hongyu Investment is a limited partnership established under the laws of the PRC in December 2020. The general partner of Hongyu Investment is Shanghai Airport Hongyu Investment Management Co., Ltd. (上海機場泓宇投資管理有限公司), a company which is ultimately controlled and owned as to 48.49% of the equity interest by State-owned Assets Supervision and Administration Commission of Shanghai City (上海市國有資產監督管理委員會), an Independent Third Party, and none of the other shareholders holds 30% or more of Shanghai Airport Hongyu Investment Management Co., Ltd. The 8 limited partners of Hongyu Investment are Independent Third Parties and none of the limited partners holds 30% or more partnership interest in Hongyu Investment.

7. Haihe Furui

Haihe Furui is a limited partnership established under the laws of the PRC in November 2022. The general partner of Haihe Furui is Zhuhai Pusheng Enterprise Management Co., Ltd. (珠海普盛企業管理有限公司), which is owned and controlled by Zhuhai Zhongying Holdings Co., Ltd. (珠海眾穎控股有限公司) as of 99.5%. Zhuhai Pusheng Enterprise Management Co., Ltd. is ultimately owned by Mr. Xu Chenhao (徐晨昊) ("Mr. Xu") and Mr. Guo Biao (郭飆) ("Mr. Guo") as of 98.99% and 1.01% respectively. Mr. Xu, Mr. Guo and the three limited partners of Haihe Furui are Independent Third Parties. The largest limited partner is Prohai River Technology Manufacturing Industry Investment Fund (Tianjin) Partnership Enterprise (Limited Partnership) (普羅海河科技製造產業投資基金(天津)合夥企業(有限合夥)) ("Prohai River Technology"), holding 60.48% partnership interest in Haihe Furui. Prohai River Technology is managed by its general partner, Zhuhai Providence Capital LP (珠海普羅私募基金管理合夥企業(有限合夥)), in which 98.99% and 1.01% of its partnership interest is held by Mr. Xu and Mr. Guo Biao, respectively. None of the other two limited partners hold 30% or more partnership interest in Haihe Furui.

8. Runxin Dianjing

Runxin Dianjing is a limited partnership established under the laws of the PRC in December 2022. The general partner of Runxin Dianjing is ZheJiang Runfang Investment Management Ltd. (浙江潤方投資管理有限公司) ("ZheJiang Runfang"), which is held by Mr. Chen Zhijun (陳志軍), Hangzhou Runxin Xingyuan Enterprise Management Consulting Co., Ltd. (杭州潤心行遠企業管理諮詢有限公司) ("Runxin Xingyuan"), Mr. Chen Yushen (陳瑜申), Mr. Chen Kai (陳凱) and Mr. Ding Changjian (丁昌建) as of 53%, 20%, 15%,10% and 2%, respectively. Runxin Xingyuan is held by Mr. Zheng Weitao (鄭偉韜), Mr. Zhang Junjie (張俊傑), Mr. Sheng Jionghan (盛炯翰), Mr. Chen Luzhou (陳綠洲), Ms. Fang Hua (方華), Mr. Ding Fanxu (丁凡栩) and Mr. Shan Erte (單爾特) as of 22.5%, 22.5%, 15%, 10%, 10%, 10% and 10%, respectively. All of the above persons and the six limited partners of Runxin Dianjing are Independent Third Parties and none of these limited partners holds 30% or more partnership interest in Runxin Dianjing.

Meaningful Investment from SIIs

We have received investments from two Pathfinder SIIs, namely the Lenovo Fund and CDBC Fund, each having invested in the Group for at least 12 months prior to the first submission of our listing application to the Stock Exchange for the purpose of the Global Offering. In accordance with Chapter 2.5 of the Guide, each of Lenovo Fund and CDBC Fund held more than 3%, and in aggregate more than 10%, of the issued share capital of our Company as of the date of our listing application and throughout the pre-application 12-month period. For details of the shareholding percentage in our Company's share capital of each of the Sophisticated Independent Investors, see "—Capitalization of Our Company."

As of the Latest Practicable Date, our SIIs held, in aggregate, approximately 34.46% in the total issued share capital of our Company. Upon the Listing, such SIIs will hold, in aggregate, no less than 29.98% in the total issued share capital of our Company, assuming that our expected market capitalization at the time of Listing will be more than HK$4 billion but less than HK$15 billion.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, the equity transfers and increases in the registered capital in respect of our Company as described above have obtained and completed all the necessary regulatory approvals, registrations or filings in accordance with PRC laws and regulations.

A SHARE LISTING ATTEMPT

In 2022 and 2024, we had entered into each a sponsor engagement letter with two financial institutions in connection with our proposed listing of Shares in SSE STAR Market in the PRC ("Proposed A Share Listing"), respectively. The sponsor engagement letters in connection with the Proposed A Share Listing were terminated following arm's length negotiations in November 2024 and December 2025, respectively. The Company decided not to proceed with the Proposed A Share Listing. As of the Latest Practicable Date, we had not submitted any formal application to any recognized stock exchange in the PRC for an A shares listing primarily due to the prevailing market conditions at the relevant time.

To the best of their knowledge and belief, our Directors are not aware of any other matters relating to the Proposed A Share Listing that may materially and adversely affect the Company's suitability for Listing and need to be brought to the attention of the Stock Exchange or the Shareholders, which is concurred by the Sole Sponsor.

LOCK-UP PERIOD

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

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

Name	Capacity	Aggregate ownership percentage of shareholding in the total issued share capital of our Company as of the Latest Practicable Date	Aggregate ownership percentage of shareholding in the total issued share capital of our Company immediately following the completion of the Global Offering[(1)]	Lock-up period
Key persons and their close associates				
Mr. Zhang[(2)]	Chairman of our Board, executive Director and general manager	4.13%	3.59%	Commencing on the date of this prospectus and ending on expiry of 12 months from the Listing Date
Laifu Investment[(3)]	Shareholding platform controlled by Mr. Zhang	23.45%	20.40%	
Jieyang Information[(4)]	Shareholding platform controlled by Mr. Zhang	5.09%	4.43%	
Pathfinder SIIs				
Lenovo Fund	Pathfinder SII	5.65%	4.92%	Commencing on the date of this prospectus and ending on expiry of six months from the Listing Date
CDBC Fund	Pathfinder SII	10.00%	8.70%	

(1) Assuming the Over-allotment Option is not exercised.

(2) Mr. Zhang, chairman of our Board, executive Director and general manager, is subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules.

(3) As of the Latest Practicable Date, the general partner of Laifu Investment is Shengzhou Shunhe Information Consulting Co., Ltd. (嵊州市順和信息諮詢有限公司) ("Shengzhou Shunhe"), a company which is held as to 99% by Mr. Zhang and 1% by Ms. Qian Songyu (錢松魚), a former employee of our Group. Ms. Qian Songyu served as the Company's financial head at the early stage of its establishment and invested his own funds to acquire a 1% equity interest in Shengzhou Shunhe in connection with the Company's early development and equity incentive arrangements. The limited partners of Laifu Investment consists of Mr. Zhang, who held approximately 58.83% of limited partnership interests as of the Latest Practicable Date, and 12 individuals who are Independent Third Parties. Except for Mr. Zhang, whose interests in our Company through his control over the general partner of Laifu Investment shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules, none of the 12 individuals holds 30% or more interest in Laifu Investment or is our Director, senior management and core R&D employee.

(4) As of the Latest Practicable Date, Jieyang information was established as our employee share ownership platform, under which the eligible participants (including our executive Directors, Mr. Zhang, Mr. Wu Di, Ms. Wang Haiying and Mr. Zhang Han, our senior management Ms. Xue Wei and Mr. Zhou Wenjun as well as a core R&D employee of our

Group) were awarded partnership interest in the Employee Share Ownership Platforms. As of the Latest Practicable Date, Mr. Zhang held general partnership interests in Jieyang Information as to 70.57%, Mr. Wu Di, Ms. Wang Haiying, Mr. Zhang Han, Ms. Xue Wei, Mr. Zhou Wenjun and Mr. Shen Zhongfu held limited partnership interests in Jieyang Information as to 1.09%, 0.55%, 2.18%, 0.66%, 1.31% and 1.31%, respectively. Mr. Zhang, Mr. Wu Di, Ms. Wang Haiying and Mr. Zhang Han serve as our executive Directors. Ms. Xue Wei and Mr. Zhou Wenjun are our senior management members. Mr. Shen Zhongfu, the deputy director of our Laifual–Chongqing University Institute, operations director and process engineering department manager, is our core R&D employee for the purpose of Rule 18C.14 of the Listing Rules. All the above executive Directors, senior management members and key persons of our Company shall be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules. Please refer to "—Employee Share Ownership Platform" for further details.

PUBLIC FLOAT

Pursuant to Rule 19A.13A of the Listing Rules, assuming that the Over-allotment Option is not exercised, (i) based on an Offer Price of HK$77.00 per Offer Share (being the low end of the indicative Offer Price range), our expected market capitalization upon the Listing is HK$7,961.7 million, and the minimum prescribed public float percentage applicable to our Shares is 18.84% under Rule 19A.13A(1) of the Listing Rules; (ii) based on an Offer Price of HK$81.25 per Offer Share (being the mid-point of the indicative Offer Price range), our expected market capitalization upon the Listing is HK$8,401.2 million, and the minimum prescribed public float percentage applicable to our Shares is 17.85% under 19A.13A(1) of the Listing Rules; and (iii) based on an Offer Price of HK$85.50 per Offer Share (being the top end of the indicative Offer Price range), our expected market capitalization upon the Listing is HK$8,840.6 million, and the minimum prescribed public float percentage applicable to our Shares is 16.96% under Rule 19A.13A(1) of the Listing Rules.

Immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised), the Company will have 103,398,787 H Shares comprising (i) 89,956,887 H Shares to be converted from Unlisted Shares and (ii) 13,441,900 H Shares to be issued pursuant to the Global Offering.

Of the 89,956,887 H Shares to be converted from Unlisted Shares and listed on the Stock Exchange following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares:

(a) 29,388,875 H Shares (representing approximately 28.42% of our total issued Shares upon the Listing (assuming that the Over-allotment Option is not exercised)) will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules upon the Listing as such H Shares are held by the Single Largest Group of Shareholders, the core connected persons of our Company; and

(b) the remaining 60,568,012 H Shares (representing approximately 58.57% of our total issued Shares upon the Listing (assuming the Over-allotment Option is not exercised)) will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the Listing as such Shareholders are not core connected persons of our Company upon the Listing nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

Therefore, taking into account the Conversion of Unlisted Shares into H Shares upon Listing and the H Shares to be offered in the Global Offering, assuming no exercise of the Over-allotment Option, 74,009,912 H Shares will be counted as public float of our Company, representing approximately 71.57% of the total enlarged share capital of our Company, and thus our Company will be able to meet the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules upon the completion of the Global Offering.

FREE FLOAT

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with no other listed shares at the time of Listing, this will normally mean that the portion of H shares for which listing 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 listing, must: (a) represent at least 10% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50 million; or (b) have an expected market value at the time of listing of not less than HK$600 million.

Based on an Offer Price of HK$77.00 per Offer Share, being the minimum Offer Price, assuming the Over-allotment Option is not exercised, a market value of approximately HK$604.1 million of H Shares for which Listing is sought by the Company that are held by the public and not subject to any disposal restrictions at the time of Listing. Therefore, our Company will be able to satisfy the free float requirements under Rule 19A.13C of the Listing Rules upon the completion of the Global Offering.

EMPLOYEE SHARE OWNERSHIP PLATFORM

In recognition of the contributions of our key employees and to incentivize them to further promote our development, on December 4, 2017, Jieyang Information was established as our employee share ownership platform. Through such platform, we have awarded its partnership interest to the eligible participants.

Jieyang Information

Jieyang Information was established as a limited partnership under the laws of the PRC on December 4, 2017 and managed by Mr. Zhang as its general partner. As of the Latest Practicable Date, Jieyang Information held approximately 5.09% of our total issued Shares, and its partnership structure was as follows:

Name	Position	Capacity of partnership interests in Jieyang Information	Approximate percentage of partnership interests in the limited partnership
Mr. Zhang	Executive Director, chairman of the Board and general manager	General partner	70.57%
Mr. Zhang Han	Executive Director and technical director	Limited partner	2.18%
Mr. Wu Di	Executive Director and deputy general manager	Limited partner	1.09%
Ms. Wang Haiying	Executive Director	Limited partner	0.55%
Mr. Zhou Wenjun	Board secretary and legal director	Limited partner	1.31%
Ms. Xue Wei	Chief financial officer	Limited partner	0.66%
Other persons	one former employee and twelve current employees(1)	Limited partner	23.64%
		Total:	100.00%

Note:

(1) The limited partners comprise Ms. Qian Songyu, a former employee of our Group, and other individuals who are current employees serving as managers or department heads across various functional areas, including, among others, sales, production planning, operations, manufacturing, information technology, finance and procurement.

Save for two limited partners who currently serve as sales managers and each holds more than 5% of the limited partnership interests, the remaining 10 limited partners each hold no more than 5% interests and are neither senior management members nor core R&D personnel of the Company. All limited partners are Independent Third Parties.

CAPITALIZATION OF OUR COMPANY

The following table sets forth our shareholding structure as of the Latest Practicable Date and immediately upon the Listing (assuming the Over-allotment Option is not exercised):

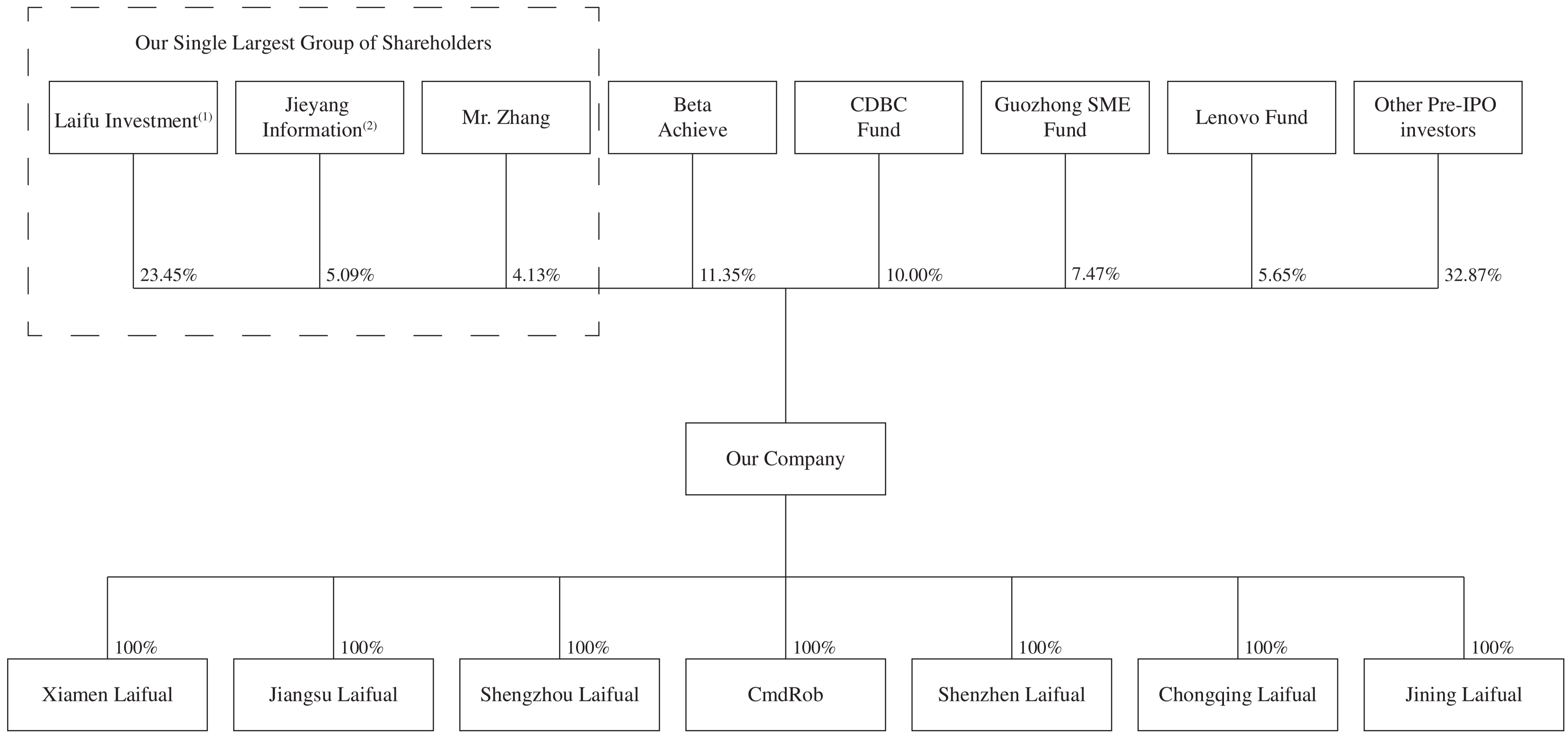
Name of Shareholder	Number of Shares as of the Latest Practicable Date	Approximate ownership percentage as of the Latest Practicable Date	Number of Shares upon the Listing (assuming the Over-allotment Option is not exercised)[1]	Approximate Shareholding percentage upon the Listing
		(%)		(%)
Single Largest Group of Shareholders				
Mr. Zhang	3,712,072	4.13	3,712,072	3.59
Laifu Investment	21,098,226	23.45	21,098,226	20.40
Jieyang Information	4,578,577	5.09	4,578,577	4.43
Pathfinder SIIs				
Lenovo Fund	5,082,259	5.65	5,082,259	4.92
CDBC Fund	8,995,689	10.00	8,995,689	8.70
Other Sophisticated Independent Investors				
Beta Achieve	10,209,771	11.35	10,209,771	9.87
Guozhong SME Fund	6,715,833	7.47	6,715,833	6.50
Other Shareholders				
Rushan Huian	6,259,616	6.96	6,259,616	6.05
Redview	5,453,345	6.06	5,453,345	5.27
CEC CICC Fund	5,082,259	5.65	5,082,259	4.92
Haian Huijun	3,490,118	3.88	3,490,118	3.38
Sushang JVC	3,182,091	3.54	3,182,091	3.08
Hongyu Investment	3,182,092	3.54	3,182,092	3.08
Haihe Furui	1,551,956	1.73	1,551,956	1.50
Runxin Dianjing	1,362,983	1.52	1,362,983	1.32
Global Offering Shareholders	–	–	13,441,900	13.00
Total	**89,956,887**	**100.00**	**103,398,787**	**100.00**

Note:

(1) All Unlisted Shares will be converted to H Shares upon the Listing.

CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately prior to the Global Offering and the Conversion of Unlisted Shares into H Shares:

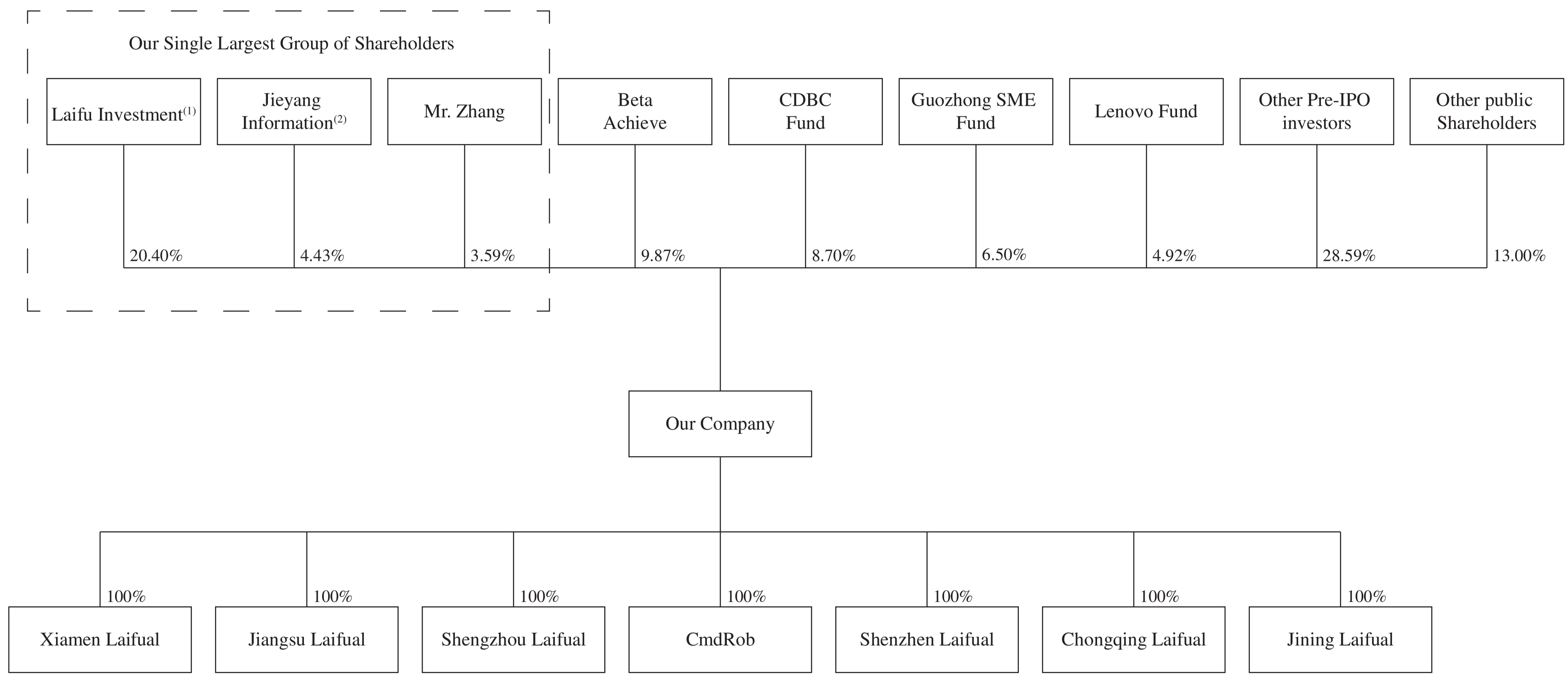


Notes:

(1) Laifu Investment is a limited partnership established under the laws of the PRC in October 2015. The general partner of Laifu Investment is Shengzhou Shunhe Information Consulting Co., Ltd. (嵊州市順和信息諮詢有限公司), a company which is held as to 99% by Mr. Zhang and 1% by Ms. Qian Songyu (錢松魚) a former employee of our Group. The limited partners of Laifu Investment consists of Mr. Zhang and 12 individuals who are Independent Third Parties.

(2) Jieyang Information is a limited partnership established under the laws of the PRC in December 2017. The general partner of Jieyang Information is Mr. Zhang. The limited partners of Jieyang Information consists of our three executive Directors (namely Mr. Zhang Han, Mr. Wu Di and Ms. Wang Haiying), our two members of senior management (namely Mr. Zhou Wenjun and Ms. Xue Wei) and 14 employees of the Company.

The following chart sets forth our corporate structure immediately after the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, without taking into account any H Shares which may be issued upon the exercise of the Over-allotment Option:



Notes (1) to (2): See notes (1) to (2) to the chart in "—Corporate Structure" for the structure immediately prior to the Global Offering and the Conversion of Unlisted Shares into Shares.

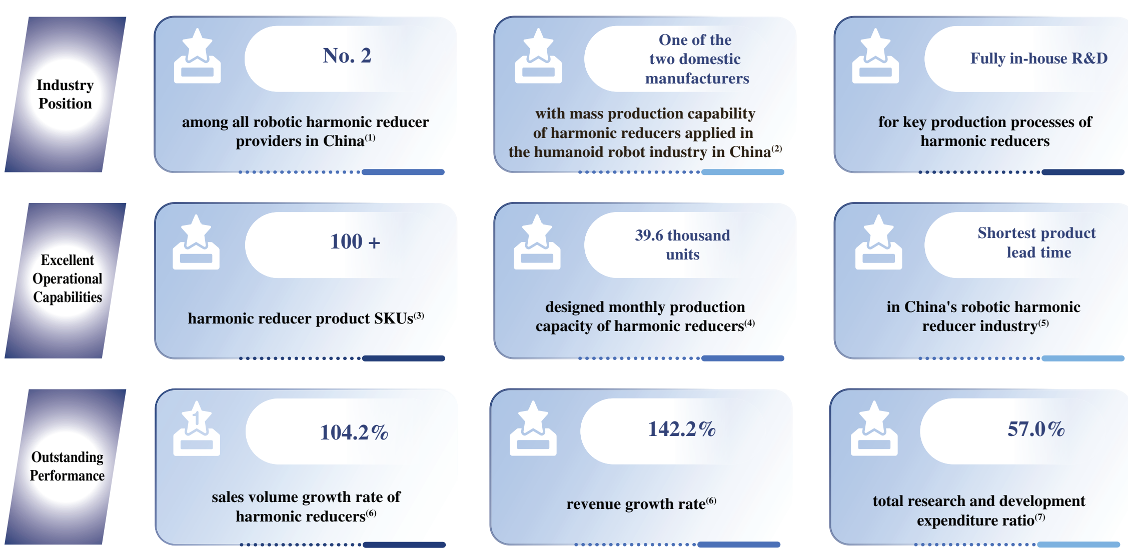
OVERVIEW

Who We Are

We are a provider of core components for robotic precision transmission in China. Enabling robots to achieve accurate movement and interaction, precision transmission solutions are experiencing growing market demand, driven by accelerated market adoption of robotics. We offer a product portfolio spanning from harmonic reducers, joint modules and robotic arms to automated workstations. Our products enable applications primarily of humanoid robots and industrial robots. Our strength stems from our expertise in harmonic reducers, a type of technical component in precision transmission solutions, and is underpinned by our in-house R&D capabilities. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source.

We have established technology advantages through years of operation. Specifically, our harmonic reducers achieved positioning precision of ±15 arcseconds with service life exceeding 10,000 hours in 2025. We have built core competencies in product design, electric actuation and drive, and production technologies, enabling us to serve various precision transmission applications in welding, handling, spraying, assembly and sorting. Our products have achieved recognition within the industry for performance and are now being primarily delivered to domestic customers, and to a much lesser extent, international markets, including Europe, the United States, Japan and Korea. We are evolving from a provider in harmonic reducers to a provider of precision transmission solutions, extending the application of our technology to a broader market.

The following diagram illustrates our market position, innovation prowess, and growth capability.



(1) In terms of shipment volume in 2025, according to the CIC Report.
(2) As of December 31, 2025.
(3) As of the Latest Practicable Date.
(4) In December 2025.
(5) According to the CIC Report.
(6) Compared the amount for the year ended December 31, 2025 with the amount for the year ended December 31, 2024.
(7) Calculated by dividing annual total research and development expenditure for 2023, 2024 and 2025 by total operating expenditure for the same periods.

Our Product Portfolio

Harmonic reducers and other precision components: The core power transmission unit for humanoid and industrial robots

Harmonic reducers are core components of robots, widely adapted for multi-joint humanoid robots and industrial robots. We commenced our business of harmonic reducers in 2015. Harmonic reducers are also used for precision transmission control in automated production lines. Meanwhile, they further represent a key gateway to the humanoid robot value chain. Currently, no established humanoid robot enterprise has achieved independent design and mass production capabilities for harmonic reducers, according to the CIC Report. Capitalizing on our proven product performance, we are deeply embedded in the humanoid robot supply chain, meeting power transmission demands for core components such as joints and robotic arms, while accurately seizing industry opportunities.

Our harmonic reducers excel in precision, reliability and service life. By adopting our independently designed tooth profile structures and material processes, we have achieved low-cost and high-efficiency production. We maintain in-house production for key production processes including primarily heat treatment, precision machining, and gear machining, supporting consistent quality and stable delivery schedules.

Building on our years of experience in R&D and production of harmonic reducers, we expanded our R&D focus in 2022 to include joint modules, robotic arms and automated workstations, which represents a direct, strategic extension of our harmonic reducer business. This expansion was driven by our customer demand to integrate robotic precision transmission components with different robotic components. In response, we developed joint modules by combining our harmonic reducers with motors and encoders, which in turn serve as the building blocks for our robotic arms. Similarly, to enhance the efficiency and cost-effectiveness of our own production lines, we engineered automated workstation, a product that also addresses our customers' needs for improving their manufacturing productivity. This evolution from components to systems allows us to deliver greater value along the entire manufacturing chain for robotics industry.

Joint modules and robotic arms: Key components for integrated robot applications

Joint modules and robotic arms integrate core components such as harmonic reducers, motors and encoders, and are designed for scenarios that require high integration efficiency. Our joint modules improve torque-to-weight performance and meet the lightweight requirements of battery-powered robotic arms with payload classes ranging from three kg to 20 kg, enabling broader downstream applications and access to new customer groups. Our low-voltage joint modules offer a plug-and-play solution for robotic arms on automated lines, allowing customers to deploy flexible workstations quickly. We also deliver collaborative robotic arms to satisfy customer demand, broadening our revenue channels.

Automated workstations: Overall solution for flexible manufacturing

Our automated workstations are workstation-based production lines that integrate robots with conventional machine tools to support flexible manufacturing and line upgrades. Designed for small-batch, multi-variety production, we deliver automated workstation-based production lines that integrate our proprietary robotic arms, control software and sensing modules. These lines enable high-precision material handling, providing our customers with one-stop production line automation upgrades. Drawing on flexible manufacturing know-how accumulated in our harmonic reducer production, our automated workstations shorten deployment cycles, improve reliability.

Our Market Opportunities

China's robotic harmonic reducers industry is expected to increase from RMB1.3 billion in 2025 to RMB13.4 billion by 2030, at a CAGR of 59.8%, according to the CIC Report. With the maturation of embodied technologies, humanoid robots are entering a phase of scaled commercial deployment. This creates a surge in demand for harmonic reducers, a core component of robots. Through continuous investment in technology, manufacturing process and supply chain management, Chinese harmonic reducer manufacturers are steadily enhancing their global competitiveness. Accordingly, they are poised to capture global market share, with the global harmonic reducer market expected to grow from RMB3.3 billion in 2025 to RMB24.4 billion in 2030, at a CAGR of 48.9%, according to the CIC Report. In addition, the industry's oligopolistic structure, reinforced by multi-year certification cycles and multidisciplinary expertise, rewards established players with scale and proven mass-production capability.

We are strategically positioned to capture the market opportunities. As humanoid robotic approaches its commercialization inflection point, our harmonic reducers, already proven in industrial applications, serve as critical component enabling precision motion across waist, wrist, elbow and other joint systems. With the industry transitioning from R&D to mass production and each humanoid robot typically requiring around 20 harmonic reducers, our product portfolio and early breakthroughs in lightweight reducers and place us at the forefront of this emerging value chain. As of the Latest Practicable Date, we offer hundreds of SKUs for our harmonic reducers.

We have established our market presence through technological excellence and industry recognition, playing a key role in shaping national technical standards and obtaining critical industry certifications. As an early mover in the robotic harmonic reducer industry in China, we broke international monopolies by mastering core technologies in high-precision gear machining and cross-roller bearing technology. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source.

Our Core Value

We specialize in harmonic reducer technologies, leveraging proprietary gear skiving, vertically integrated manufacturing and automated production to deliver high-precision, long-life products at competitive cost. We tailor our products to the needs of humanoid robots and industrial automation, enabling cost-effective robot production and accelerating the growth of a localized, efficient industry ecosystem.

Cost-effective production with customization capability

We adhere to the core philosophy of mass production, controllable costs and efficiency priority, adopting a centralized and highly automated model that emphasizes cost control and production efficiency. This concept runs through our entire operation, including primarily raw material procurement, R&D, production and sales. Such integrated model enables us to maintain the shortest product lead time in the industry—within one month, significantly faster than the industry average of at least two months, according to the CIC Report. This efficiency allows us to offer competitive pricing to customers, thereby reducing their overall costs.

Another core element of our value proposition is our product design and production capacity. We provide customized design modifications and tailored products, including adaptable component configurations and a wide range of discrete parts. With expertise in robotic component design, we assist customers in achieving weight reduction, performance optimization and cost reduction. Leveraging our in-house manufacturing execution system ("MES") and warehouse management system ("WMS"), we shorten lead time while assuring quality, reduce customers' specification, design and manufacturing costs and lower assembly complexity and time. Customers have the flexibility to procure individual harmonic reducers to integrated joint modules and robotic arms from us, all supported by our integrated manufacturing and design capabilities across the entire industrial chain. In addition, we collaborate with Chongqing University and other institutions to optimize materials and processes, continuously reducing the manufacturing costs of robotic components while ensuring performance, thereby making the overall cost of robots more acceptable by the market.

Domestic substitution in the robot industry supply chain

Historically, the robot industry supply chain in China relied heavily on imports, with core components such as harmonic reducers and joint modules dominated by foreign brands, resulting in high procurement costs, long lead times and limited supply chain autonomy for domestic manufacturers. In recent years, driven by national policies promoting import substitution, the rapid advancement of domestic manufacturing capabilities, and cost optimization needs of downstream enterprises, the industry has been undergoing a significant shift toward domestic substitution, according to the CIC Report.

Leveraging our independent production capacity, we have joined in the process of domestic substitution in the robot industry supply chain. From core components to machine assembly, all key aspects except raw materials are independently produced, covering heat treatment, precision machining, and gear machining, with complete manufacturing capabilities from harmonic reducers, joint modules, robotic arms to automated workstations. Through partnerships with leading domestic enterprises in robotic industry, we are replacing some foreign brands as a domestic supplier, promoting the localization process of the robot industry chain.

Deeply adapting to downstream demands of the industry

We offer a diverse product portfolio that effectively serves various needs of customers across multiple downstream sectors. In the field of humanoid robots, we accurately grasp customers' core demands for affordability, lightweight, high precision and long service life, providing a full chain of products from harmonic reducers, joint modules to customized components such as robotic arms and waist joints. Our flexible in-house production capabilities enable collaborative development with downstream application customers to match their demands. For example, we develop compact structural designs for humanoid robots, optimizing torque-to-weight ratio to meet battery power requirement. Furthermore, we advance the development of large-scale products tailored for industrial application scenarios, satisfying diverse customers' individualized technical parameters and usage scenarios through modular design and targeted R&D.

Our Operational and Financial Performance

During the Track Record Period, we achieved growth. Since our inception and up to December 31, 2025, we had sold over 870,000 units of harmonic reducers. In 2023, 2024 and 2025, our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million, respectively. In the same periods, we recorded gross profit of RMB27.9 million, RMB25.9 million and RMB66.9 million, respectively, representing gross profit margin of 29.5%, 24.1% and 25.6%, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors.

Robotic Precision Transmission Core Components Provider in China with Early-Mover Advantages

Founded in 2013, we were among China's first developers of harmonic reducers. Over more than a decade of focused development for harmonic reducers, leveraging our early entry and long-term specialization, we have become a key force in China's robotic harmonic reducer industry and one of the few domestic players able to compete with leading international competitors. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source. In 2025, our harmonic reducers achieved positioning precision of ±15 arcseconds with service life exceeding 10,000 hours, with core performance comparable to leading overseas manufacturers supporting accelerated domestic substitution.

We launched our LS series in 2015. We expanded with the LH series in 2016, introduced proprietary breakthrough δ-tooth FS and FH designs for enhanced longevity and torque. In 2017, we commenced mass sales of our harmonic reducers. In 2023, we upgraded the tooth profile of our LS and LH series, which have been succeeded by our FS and FH series. We have built a comprehensive portfolio a broad range of harmonic reducers covering different sizes ranging from 13 mm to 246 mm, achieving hundreds of SKUs, covering selection, commissioning and after-sales service for humanoid and industrial robot scenarios. This decade-long specialization in precision gears and cross-roller bearings has built formidable barriers in material science, process engineering and application knowledge.

Furthermore, we plan production capacity with foresight. We operate high-standard production facilities and continue to introduce advanced production and inspection equipment, forming strong in-house manufacturing capability. Our new production facility commenced operation in August 2025, with approximately 47,000 square meter site area. We anticipate the new production facility will significantly increase our annual production capacity. Against the backdrop of rapidly growing downstream demand, particularly from the humanoid robotics sector, our expansion will enhance our ability to fulfill orders reliably while achieving lower unit costs through improved economies of scale, strengthening our competitive position in the market.

Technological Capabilities to Meet Downstream Demands of Humanoid Robots and Industrial Robots

We have strong non-standard product technological capabilities, enabling precise alignment between product technology and customer needs. Our technological capabilities precisely meet the core requirements of affordability, lightweight, high precision and a long service life for humanoid robots. Leveraging our comprehensive bearing R&D expertise, we deliver customized non-standard bearings that align precisely with industry requirements. Our adoption of the gear skiving process enables mass production with declining unit costs as capacity scales. Compared to traditional gear production process, this approach offers significantly lower pricing for base models and markedly faster delivery, enabling feasibility proposals within two weeks and sample delivery in around four weeks for non-standard products, well ahead of industry average, according to the CIC Report. This capability aligns with the needs of mass production and supports cost reduction and market penetration amid surging demand for humanoid robots, reinforcing our strategic focus on the large-scale, cost-sensitive segment. Furthermore, we utilize surface treatment technology to provide nano-scale protection to extend service life. Our integrated joint modules combine reducers, motors and encoders to reduce assembly steps and lower system integration costs for our customers.

Our proprietary tooth profile design is fundamental to the performance of our harmonic reducers, optimizing contact stress to enhance efficiency while reducing noise, wear and stress concentration for greater accuracy, load capacity and durability. By leveraging our proprietary tooth profile design capability, we are able to design gear geometries that are compatible with advanced machining processes such as gear skiving, a machining process which can slash gain, enabling scalable production that drives progressive unit cost reductions as volume grows. Consequently, the synergy of our tooth profile design and scalable manufacturing allows us to establish competitively priced, high-performance harmonic reducers that deliver distinct value to robot manufacturers focused on both performance optimization and cost efficiency.

Our focus on large-scale, low-cost applications through gear skiving distinguishes us from competitors while addressing customer demand for cost-effective harmonic reducers. Supporting this market position, we have established the Laifual-Chongqing University Institute of Intelligent Precision Transmission Research for fundamental research in materials and structural optimization, complemented by specialized R&D centers in Shaoxing (reducer technology) and Nanjing (electronic control integration). This integrated innovation ecosystem ensures continuous advancement across both theoretical research and practical application development.

Product Matrix with Harmonic Reducers of Various Configurations

Focusing on the industrial demand for humanoid robots, we have built a product matrix with harmonic reducers and joint modules at the core, which not only supports industrial automation, but also meets the high precision and integration requirements for humanoid robots.

As a core component of the joint transmission system for humanoid robots, our harmonic reducers underpin joint module performance with a high transmission ratio, high precision and long service life. A standard humanoid robot typically requires around 20 harmonic reducers, which are installed at the high-precision, high-torque joints at the shoulders, hips, knees and ankles. This demand drives continuous upgrades of our harmonic reducer technology and the build-out of a product system that covers all robot joints.

We offer multi-specification modules to meet joint requirements. To address the lightweight, high torque and precision requirements for the joints of humanoid robots, our joint modules integrate customized harmonic reducers, high-precision motors and other core components, and can be directly embedded into critical parts such as wrists and elbows, and hips and shoulders, significantly lowering the R&D and production thresholds for manufacturers. With hundreds of SKUs, our comprehensive range of harmonic reducers can be tailored to meet diverse robotic requirements, including specific dimensions, torque ratings, transmission ratios, materials, and interface configurations.

Ongoing Capacity Expansion and Delivery Capabilities and Experience

We are constantly expanding our production capacity. Our designed monthly production capacity increased from 13.4 thousand units of harmonic reducers in January 2023 to 39.6 thousand units in December 2025. Our new production facility commenced operation in August 2025, with approximately 47,000 square meter site area, positioning us to meet surging market demand. We have deployed robotic arms for raw material loading and unloading and replaced manual measurement with automated inspection. In 2025, we enhanced our automation of production processes, significantly lifting production efficiency compared to 2024. For example, our implementation of automated loading and unloading systems within our machining processes has enhanced our production efficiency by reducing manual intervention and optimizing machine utilization.

In terms of vertically integrated production, we have established a full-process independent production system covering heat treatment, precision machining, gear production, bearing manufacturing and surface treatment, with low reliance on external parties, thereby reducing outsourcing costs. Meanwhile, the process parameters of each link are optimized in real time, so that the critical dimension tolerance is controlled within ±0.005 mm, laying a foundation for the high performance of products.

For non-standard product customization and delivery, we operate a fast response mechanism from design to shipment. At the demand-matching stage, our technical team generally completes scenario decomposition and delivers preliminary solutions within one to two days. At the design stage, we generally finish modeling and performance verification of non-standard products within three days while confirming and refining the design with customers. At the production stage, we utilize flexible production lines and ensure the precision and quality of non-standard products. Before delivery we provide pre-assembly and commissioning to assist whole-machine integration. The total delivery cycle can be shortened to three to four weeks, well below the industry average of at least two months.

With extensive delivery experience, since our inception and up to December 31, 2025, we had a cumulative shipment volume of over 870,000 units of harmonic reducers. Our ability to combine rapid delivery at scale with precise customization enables us to capture market share and deepen cooperation through non-standard products, forming a key pillar of our competitiveness.

Business Experience and Downstream Customer Resources

Through long-term cultivation in the industry, we have established stable collaboration with customers in fields such as humanoid robots, industrial robots and other automation equipment. Our customer coverage strategy focuses on leading enterprises while penetrating small and medium-sized robot manufacturers through stable delivery and proven performance, forming a pattern led by major customers and supported by a broad base of smaller customers. This approach enables precise insight into industry needs and steadily builds brand influence, reflecting our mature operating experience and efficient customer acquisition.

Leading enterprises are pace-setters in technology iteration and market trends. Their requirements on product performance and application scenarios often indicate the industry's direction. Through deep cooperation with these customers, we obtain early feedback on customer needs, such as technical indicators for industrial robots moving toward higher load and higher precision and lightweight long-life component requirements for humanoid robots. These insights directly guide our R&D, keeping product upgrades aligned with industry developments, avoiding route deviation and preserving our early-mover advantage.

Leading enterprises also maintain stringent supplier selection standards. Becoming a stable partner serves as an authoritative validation of our product quality, technical capability and delivery reliability. This benchmarking effect raises our visibility and credibility and provides a strong reference for small and medium-sized customers when choosing suppliers. Building on solutions and production experience developed for leading enterprises, we serve smaller customers quickly and reduce cost through economies of scale, creating a positive cycle in which benchmark customers drive the growth of small and medium-sized customers and accelerating our market share gains.

Domestically, we have established a nationwide sales network. For the overseas markets, we have a sales network across Europe, the United States, Japan and Korea. In 2025, our revenue generated from overseas markets was RMB7.0 million, accounting for 2.7% of our total revenue in the same period, reflecting our progress in expanding the global customer base through localized services.

Seasoned Management Team and R&D Team

Our Chairman, Mr. Zhang Jie, with his MBA degree from New Jersey Institute of Technology, leads our transition from a single precision transmission component manufacturer to a systematic solution provider, by adopting a market-driven sales approach and focusing on cost control and international layout. Our core executives span production, R&D and finance, and our strategy balances near-term capacity ramp-up with the building of long-term technological barriers.

Our R&D team has strong professional capability and deep technical backgrounds. We maintain an in-house design team that independently undertakes product design from structural, functional and aesthetic perspectives without relying on external agencies. This ensures a high degree of alignment between product functionality and engineering implementation and gives us greater flexibility and technical depth to respond quickly to customer needs and develop new products.

OUR GROWTH STRATEGIES

We intend to continue to grow our business through the following key strategies.

Expand Production Capacity to Meet Explosive Downstream Demands

We plan and execute around long-term capacity goals. While adding production capacity, we also focus on lowering unit manufacturing cost, improving efficiency and accelerating delivery through process improvement and automation, to ensure delivery stability and product standardization while scaling.

The robotic harmonic reducer industry is in short supply, and production capacity is the core lever to gain market share and drive revenue growth. With our new production facility commencing operation in August 2025, we expect to better serve incremental demand from humanoid robots and industrial robots. We plan to further expand our production capacity in the next three years by acquiring more production-related equipment, including primarily gear processing equipment, generator ellipse machining equipment for specific production lines for harmonic reducers and other precision components. We also plan to develop new production facilities in Zhejiang province with an annual designed production capacity of 800.0 thousand units of harmonic reducers, by using the net proceeds from the Global Offering. Adequate capacity enables us to fulfill orders and shorten lead time, capturing scaled demand in the downstream industries and contributing to our revenue growth, and, through economies of scale, further reduce unit manufacturing cost and improve our gross profit margin.

Capacity expansion also supports diversification of our product portfolio. We will add more flexible production lines that can switch quickly among different models of harmonic reducers to meet surges in customer demand, enabling rapid scaling of joint module output and shortened response cycles. We plan to procure and deploy approximately 28 flexspline lines, 28 circular spline lines, 40 wave generator lines, 10 bearing production lines and three heat processing service lines in the new production facilities in the next three years. The combination of large capacity and flexible production lines enables us to meet high-volume demand for standard reducers in industrial scenarios and to adapt quickly to customized needs in emerging fields, covering diverse market requirements.

Approximately 55.0% of the net proceeds of the Global Offering, or HK$578.2 million, will be used for the production facility expansion. See "Future Plans and Use of Proceeds—Use of Proceeds."

Continuously Enhance Technological Capabilities and Enrich Product Portfolio

We plan to continuously strengthen our market position by optimizing our technology stack through R&D capabilities enhancement, product iteration and production process upgrades.

To strengthen our research and development capabilities, we will adopt a strategy centered on talent attraction and development, regional deployment and institutional support. We plan to establish high-standard R&D centers in key cities in Zhejiang Province, by using the net proceeds from the Global Offering. By leveraging the advantages of local industrial ecosystems, university and research institution resources, and deep talent reserves, we aim to build a comprehensive R&D platform integrating technological breakthroughs, product innovation and the commercialization of research outcomes. Through these initiatives, we seek to sharpen our overall product competitiveness and adapt swiftly to evolving industry demands, providing a strategic foundation to increase the ASP for our products in the long run. We plan to recruit more R&D professionals and industry experts with interdisciplinary expertise, supported by advanced R&D equipment, experimental facilities, and relevant testing and inspection capabilities, thereby providing robust support for sustained technological innovation. In addition, we plan to advance our in-house design and R&D capabilities for production tools to enhance production process stability. Specifically, we plan to conduct R&D for cutting tools for gear shaping machines, gear skiving machines and gear hobbing machines. The R&D process involves prototyping, testing and validation before the deployment of production tools.

We plan to enrich our product portfolio and broaden our application scenarios by introducing more model variants of harmonic reducers. In particular, we plan to introduce harmonic reducers made with new materials, such as steel-aluminum composites, to better meet the lightweight and high-reliability requirements of humanoid robots. We also plan to expand and diversify our product lines of joint modules and robotic arms by introducing new models and implementing performance optimizations, to enhance our product usability, adaptability and overall market competitiveness. We plan to upgrade key hardware components such as frameless torque motors, encoders and drives to achieve higher torque density while preserving precision and longevity, thereby supporting a broader range of lightweight applications. Furthermore, we plan to develop proprietary control software to enable rapid host-system interfacing and scenario-specific motion control customization. We expect our evolving product mix, characterized by an increasing proportion of high-value new model variants, integrated joint modules and robotic arms, to drive a long-term increase in the ASP for our products. This shift toward more advanced and higher-margin products is anticipated to be a key driver for our future revenue growth and gross profit expansion.

For production process upgrades, we will enhance automated manufacturing and invest in the development of high-precision, high-flexibility automation technologies. By introducing automated clamping and positioning techniques to replace manual assembly, we aim to reduce errors caused by human operation. Robots will be integrated with machine tools in workstation configurations, with continued investment in flexible production lines to ensure efficient small-batch, multi-product manufacturing, thereby driving higher operational efficiency and reducing both manufacturing and labor costs. In addition, we intend to deploy a digital production management platform to enable comprehensive data management and traceability across the entire process, from raw material processing to final inspection.

Approximately 20.0% of the net proceeds of the Global Offering, or HK$210.2 million, will be used for the enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios, particularly for harmonic reducers. See "Future Plans and Use of Proceeds—Use of Proceeds."

Deepen Partnerships with Core Customer, Broaden Customer Base and Expand Global Reach

We plan to optimize our customer portfolio and unlock new growth potential by deepening relationships with core customers, broadening customer base in existing markets, and expanding into overseas markets. For domestic market, in addition to cooperating with leading enterprises, we plan to expand our customer base to cover more industry sectors through our sales network. Furthermore, we plan to actively conduct customer relationship marketing campaigns by attending relevant exhibitions and regularly making customer visits, further elevating our brand awareness attracting more customers and supporting our revenue growth.

For overseas markets, we will leverage our cost advantage and product competitiveness to drive global presence. Overseas markets generally have a higher growth ceiling and broader potential. We are cost competitive compared to our overseas peers, and overseas customers are generally less price sensitive, supporting higher gross profit margin and stronger brand recognition. As of the Latest Practicable Date, we had established a sales network across Europe, the United States, Japan and Korea, advancing localized sales of products, particularly joint modules and robotic arms. We plan to deepen collaboration with international partners to jointly expand global market share through complementary production capacities, with the strategic aim of steadily increasing the contribution from our overseas business.

Approximately 5.0% of the net proceeds of the Global Offering, or HK$52.6 million, will be used to expand our overseas sales network. See "Future Plans and Use of Proceeds—Use of Proceeds."

Selectively Pursue Strategic Collaboration, Investment and Acquisition Opportunities

We intend to selectively identify and rigorously evaluate complementary target companies for strategic investments or acquisitions via majority or minority stakes. By pursuing these opportunities, we aim to capture incremental growth and reinforce our market presence. When assessing potential targets, we will evaluate key factors including quality and market potential of their products, historical operational and financial performance, team expertise and the potential for strategic and operational synergies with our business. As of the Latest Practicable Date, we had not identified any investment or acquisition target or entered into any definitive investment or acquisition agreement.

Approximately 10.0% of the net proceeds of the Global Offering, or HK$105.1 million, will be used for strategic investment or acquisition of potential high-quality targets across the industry value chain in both domestic and international markets. See "Future Plans and Use of Proceeds—Use of Proceeds."

OUR PRODUCTS

We are a provider of robotic precision transmission core components in China. We are dedicated to delivering robotic precision transmission core components and automated workstations. Since our inception, we have focused on the development and production of harmonic reducers. As our business expanded, we broadened our product portfolio beyond harmonic reducers, in which we integrated harmonic reducers with torque motors and drivers to form joint modules and further integrated joint modules into robotic arms. In addition, we provide automated workstations which can support mechanical processing technologies, enabling our customers to build comprehensive automated workstations. Our product portfolio primarily includes (1) harmonic reducers and other precision components; (2) joint modules and robotic arms; and (3) automated workstations, exhibiting a vertical synergy from precision components to integrated modules and systemic workstations. We offer joint modules and robotic arms that incorporate our harmonic reducers, enabling us to meet the diverse needs of downstream customers, lower assembly barriers for certain customers, and further stimulate downstream demand. Meanwhile, our automated workstations embed these proprietary components to achieve high-level automation. All harmonic reducers used in our products are manufactured in-house. For joint modules and robotic arms, we utilize our proprietary harmonic reducers that are manufactured in-house and our self-designed encoders. We procure other components in the joint modules and robotic arms such as motors, cables, housings and brakes from third parties. For automated workstations, we undertake the complete design of the workstation internally, while sourcing certain hardware units externally, such as the CNC machine tools. Notwithstanding the synergies, we price and charge each product line separately as independent offerings. For details of our pricing strategies, see "—Sales and Marketing—Pricing." The majority of our products are standardized. In certain circumstances, we provide minor adjustments to our harmonic reducers and joint modules based on their standard designs subject to customer requirements, such as adjustments to appearance (e.g. surface treatments such as blackening or electroplating), structure (e.g. sealing configurations and output torque specifications), dimensions (primarily referring to motor-mounting interface dimensions, which may vary under the standards of different countries) and materials (e.g. aluminum, steel or magnesium alloy).

The following table sets forth a summary of the application scenarios of our products in downstream industries.

Product category	Examples of application scenarios
Harmonic reducers and other precision components	Primarily deployed in the joints and precision transmission units of humanoid robots, industrial robots, collaborative robots and other automation equipment such as machine tools.
Joint modules and robotic arms	Mainly used in collaborative robots to perform multi-axis movement and end-effector operations across diverse working environments, such as precision assembly and parcel sorting.
Automated workstations	Primarily used for flexible manufacturing and intelligent upgrading of production lines, such as automated assembly. Our workstations enable automated production of components across the robotics supply chain while also empowering companies in the broader machining industry.

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands except for percentages)					
Harmonic reducers and other precision components[1]	92,498	97.8	103,406	96.0	167,143	64.1
– Harmonic reducers	91,620	96.9	103,088	95.7	166,529	63.9
– Other precision components	878	0.9	318	0.3	615	0.2
Joint modules and robotic arms	907	1.0	2,873	2.7	68,491	26.2
– Joint modules	907	1.0	2,873	2.7	44,187	16.9
– Robotic arms	–	–	–	–	24,304	9.3
Automated workstations	–	–	–	–	24,464	9.4
Others[2]	1,140	1.2	1,435	1.3	769	0.3
Total	**94,545**	**100.0**	**107,714**	**100.0**	**260,867**	**100.0**

(1) Other precision components primarily include bearings and flanges. Such precision components constitute essential and functionally interdependent parts required for the physical integration and operational performance of harmonic reducers. We only provide such precision components as accessories for specific harmonic reducer orders to meet custom installation needs. We do not offer them as separate product lines or sell them on their own. Based on the foregoing, we group harmonic reducers together with such precision components.

(2) Others primarily include the provision of heat treatment services, which refers to a metal thermal process within our production cycle. For details, see "—Production—Production Process." We provide such services to third parties primarily to utilize our spare heat treatment processing capacity.

The following table sets forth a breakdown of our revenue of harmonic reducers by product size for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Large-sized harmonic reducers(1)	90,880	99.2	101,049	98.0	153,829	92.4
Small-sized harmonic reducers(2)	740	0.8	2,039	2.0	12,700	7.6
Total	**91,620**	**100.0**	**103,088**	**100.0**	**166,529**	**100.0**

(1) Large-sized harmonic reducers refer to models with a size above 52 mm.

(2) Small-sized harmonic reducers refer to models with a size of 52 mm or below.

The following table sets forth a breakdown of our sales volume and average selling price (ASP) by product category for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Units for sales volume; RMB per unit for ASP)					
Harmonic reducers	115,315	795	142,794	722	291,515	571
Joint modules	451	2,010	1,181	2,432	6,246	7,074
Robotic arms	–	–	–	–	639	38,035
Automated workstations	–	–	–	–	56	436,852

Harmonic reducers. The average selling price of our harmonic reducers decreased from RMB795 in 2023 to RMB722 in 2024, primarily due to (1) a higher proportion of sales of small size harmonic reducers, which have relatively lower prices due to their lower material consumption and shorter manufacturing cycles, resulting in lower costs and therefore lower prices, driven by growing demand for humanoid robotics; and (2) our strategic price adjustments for our harmonic reducers to gain a greater market share. The average selling price of our harmonic reducers further decreased from RMB722 in 2024 to RMB571 in 2025, primarily due to the increase in the proportion of small-sized harmonic reducers sold, driven by the continued growth in the downstream demand for humanoid robots.

Joint modules. The average selling price of our joint modules increased from RMB2,010 in 2023 to RMB2,432 in 2024, primarily due to the launch of low-voltage joint modules in 2024. Our low-voltage joint modules include additional structural components such as drivers and braking systems compared to high-voltage joint modules, resulting in higher costs. The average selling price of our joint modules further increased to RMB7,074 in 2025, primarily due to higher costs driven by additional components added to some of our joint modules based on customer requirements, such as housings and water-resistant cables.

The following table sets forth a breakdown of our sales volume and ASP of harmonic reducers by product size for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(Units for sales volume; RMB per unit for ASP)					
Large-sized harmonic reducers(1)	114,148	796	139,364	725	259,507	593
Small-sized harmonic reducers(2)	1,167	634	3,430	594	32,008	397
Total	**115,315**	**795**	**142,794**	**722**	**291,515**	**571**

(1) Large-sized harmonic reducers refer to models with a size above 52 mm.

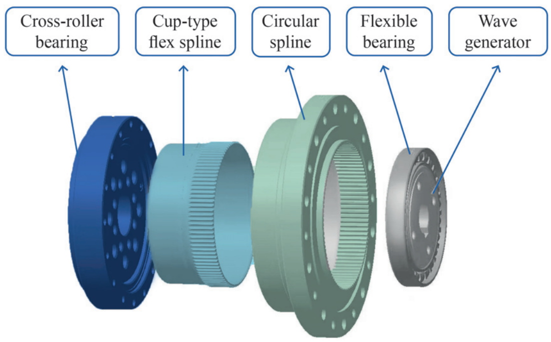
(2) Small-sized harmonic reducers refer to models with a size of 52 mm or below.

Harmonic Reducer

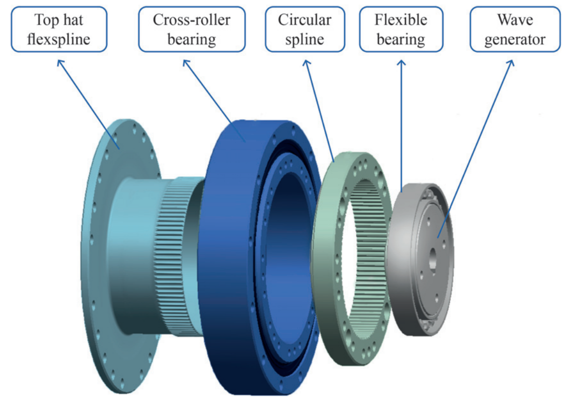
Harmonic reducers are high-precision transmission devices that reduce speed and increases torque, commonly regarded as a key gearbox for robotics and advanced automation. Unlike traditional gear systems, it adopts a unique structure consisting of a circular spline, a flexspline and a wave generator. When the wave generator is inserted into the inner circle of the flexspline, it forces the flexspline to elastically deform into an elliptical shape. At the major axis of the ellipse, the teeth of the flexspline fully engage with the tooth grooves of the circular spline, resulting in complete meshing, enabling near zero backlash, multi-tooth engagement, high torque and high reduction ratios. These features allow harmonic reducers to deliver smooth and accurate motion, making them widely applied in humanoid robots, industrial robots, automation equipment and other fields where precision and reliability are critical.

We are committed to the research, development and production of harmonic reducers. Our harmonic reducers are designed with high precision, compact structure and reliable performance, enabling us to provide customers with critical transmission components for advanced automation. Leveraging our proprietary know-how and manufacturing capabilities, we offer a broad range of harmonic reducers covering different sizes ranging from 13 mm to 246 mm, achieving full-series coverage. Furthermore, utilizing our gear skiving process technology, our harmonic reducers can achieve positioning accuracy of ±15 arcseconds and a service life exceeding 10,000 hours, with core performance comparable to leading overseas manufacturers. Our products are widely used in humanoid robots, industrial robots, and other automation equipment, where precision, stability and efficiency are essential. Our harmonic reducers are categorized into (1) cup-type structure, (2) hat-type structure, and (3) double-circular-spline harmonic reducers.

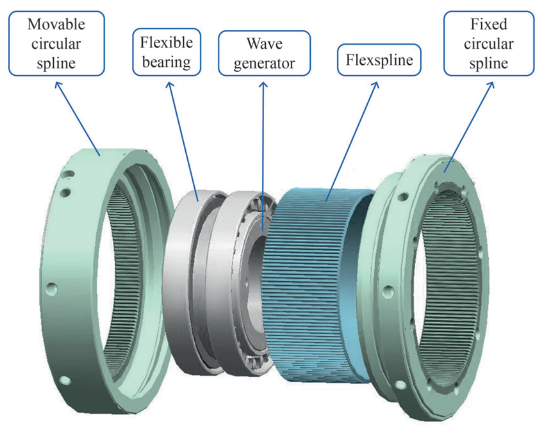
The following diagrams illustrate the typical structures and principal components of different types of our harmonic reducers, respectively.



Cup-type harmonic reducer



Hat-type harmonic reducer



Double-circular-spline harmonic reducer

Cup-type harmonic reducer

Our FS series represents our cup-type harmonic reducers featured with compact and lightweight structure, high torque-to-weight ratio and ultra-low backlash. The cup-type design integrates cross-roller bearings, which enhances rigidity and load capacity while simplifying installation. With smooth transmission and high reliability, our FS series is widely applied in humanoid robots, industrial robots and automation equipment as the mainstream choice for high-precision transmission. Our FS series primarily include FSS standard harmonic reducer, FSN light weight harmonic reducer, FSG high torque harmonic reducer and FSD ultra-short harmonic reducer.

Product Sub-series	Appearance	Features
FSS Standard Harmonic Reducer		Designed to handle external loads with ease, it offers a robust yet user-friendly solution that integrates strength, accuracy and smooth operation in one compact system.

Product Sub-series	Appearance	Features
FSN Light Weight Harmonic Reducer . . .		Lightweight product line, designed to reduce the weight and facilitate the lightweight construction of industrial robots. It uses steel-aluminum composite materials, making it lighter than a standard model. It enables higher speeds and increased payload capacity for industrial robots.
FSG High Torque Harmonic Reducer . .		Engineered with reinforced materials and optimized tooth profile, offering approximately 30% higher torque capacity and longer service life compared to standard FS models. This series addresses high-torque applications, such as heavy-load robotic end effectors and high-precision load turntables.
FSD Ultra-short Harmonic Reducer . .		Ultra-short design with reduced axial thickness, ideal for customers with strict constraints on equipment height while still requiring precision transmission.

Hat-type harmonic reducer

Our FH series represents our hat-type harmonic reducers designed with a large hollow structure, which allows cables and pipelines to pass through the reducer for easier integration into robotic joints. They are featured with high rigidity, low backlash and high torque capacity, and are particularly suitable for humanoid robots, industrial robots, service robots and automation systems where compact design and hollow shaft configuration are required. Our FH series primarily include FHT standard harmonic reducer, FHN light weight harmonic reducer, FHG high torque harmonic reducer and FHD shorten thin harmonic reducer.

Product Sub-series	Appearance	Features
FHT Standard Harmonic Reducer . . .		FHT series is designed for high precision and stability, ensuring accurate positioning and repeatability. Its circular spine and flexspline are connected by high rigidity cross-roller bearings, making it an easy-to-operate modular product.
FHN Light Weight Harmonic Reducer . .		FHN series is equipped with internal support bearings, which enhance load capacity, improve rigidity and simplify installation. It can achieve weight reduction under the same torque load, improving torque density in scenarios such as humanoid robotics.

Product Sub-series	Appearance	Features
FHG High Torque Harmonic Reducer . . .		The torque capacity of FHG series is over 30% higher than the FHT series. Compared to FHT series, FHG series is more suited for high-load application with compact size requirement.
FHD Shorten Thin Harmonic Reducer . .		The flexspline of our FHD series is designed with an ultra-thin hollow flanged structure and is equipped with a high-rigidity cross-roller bearing on the output side. The overall design pushes the limits of flatness, resulting in a compact and lightweight unit. Its axial length is reduced by more than 30%, making it ideal for applications with strict thickness constraints, minimizing the overall thickness of the robot.

Double-circular-spline harmonic reducers

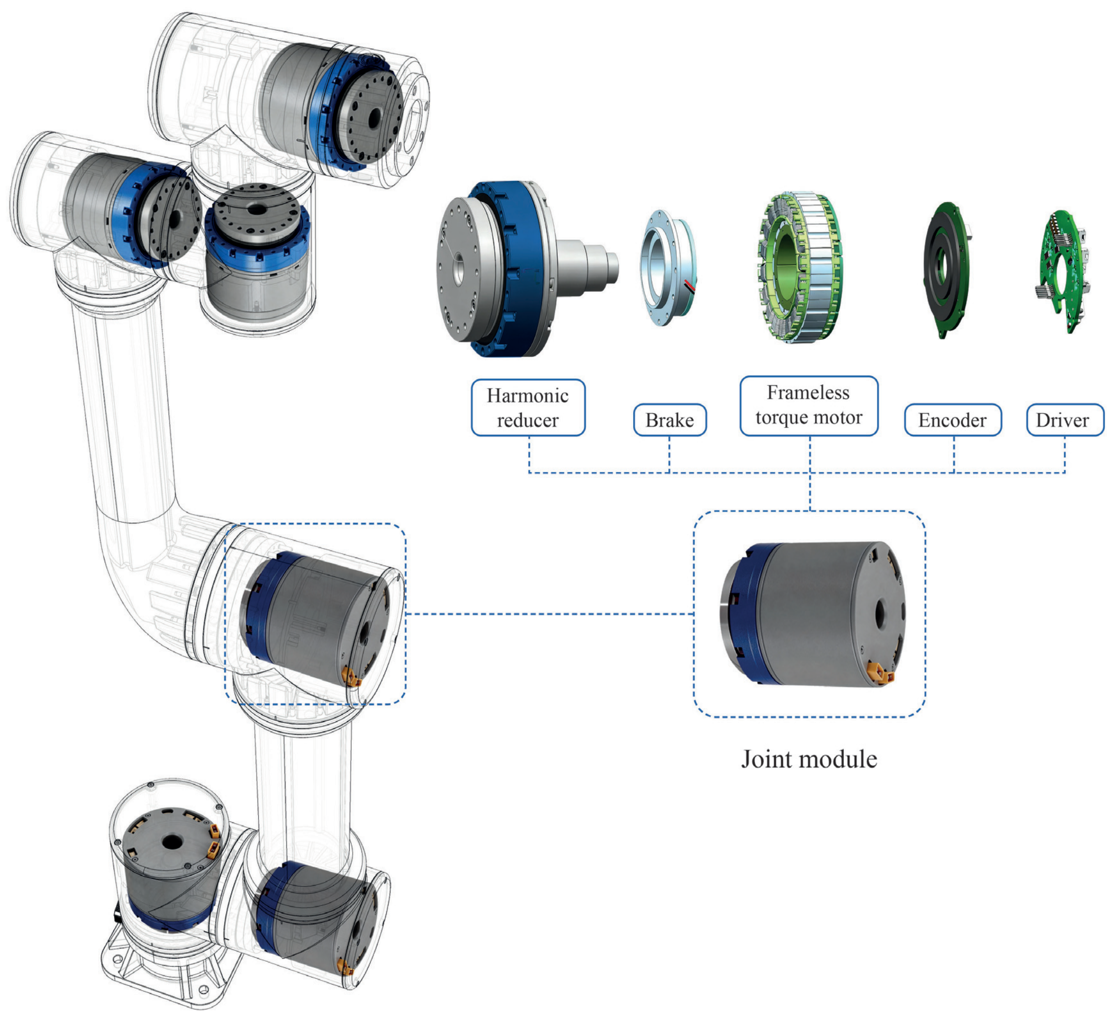
In 2025, we launched double-circular-spline harmonic reducer, which is a compact transmission reducer designed for humanoid robotics, consisting of four core components: a flexspline, a wave generator, a fixed circular spline and movable circular spline. Its flexspline adopts a straight-cylindrical design and simultaneously meshes with both circular splines. Its fixed circular spline has the same number of teeth as the flexspline and serves as the output connection, while the movable circular spline has two more teeth than the flexspline, operating in accordance with the standard harmonic reducer operating principle as a conventional harmonic reducer. This double circular spline design enables a more compact and ultra-thin form factor, while maintaining high transmission accuracy and strength. As of the Latest Practicable Date, our double circular-spline harmonic reducers had achieved commercialization, although we were still in the relatively early stage of scaling up production.

Joint Modules and Robotic Arms

We have developed joint modules by integrating our harmonic reducers with frameless torque motors, brakes and encoders into compact and standardized units. With such integration, our products allow customers to avoid selecting, designing, sourcing and assembling multiple mechanical and electronic parts, thereby significantly reducing manpower and time costs while enhancing system reliability. Robotic arms are assembled from multiple joint modules, each providing the torque, precision and control required at different axes of motion. Our production of joint modules and robotic arms expand our value chain coverage into downstream application market. Our joint modules are designed to simplify the assembly of robotic arms and enhance the overall stability, precision and load capacity of motion systems. We are able to ensure product quality while significantly shortening delivery lead times, with standard products deliverable in around two weeks and non-standard products in three to four weeks. Our joint modules are widely applied in humanoid robots, industrial robots and service robots, as well as in automation equipment across various industries.

Our joint modules primarily include high-voltage joint modules and low-voltage joint modules. Our high-voltage joint modules are integrated devices combining harmonic reducers, frameless torque motors and encoders. Our low-voltage joint modules further integrate drivers and braking system in addition to harmonic reducers, frameless torque motors and encoders. By incorporating drivers, our low-voltage joint modules support multiple industrial communication protocols, such as EtherCAT and CANopen. In addition, the integrated braking system provides fail-safe position holding in the event of power loss or emergency stop, enhancing operational safety and reliability.

The following diagram illustrate the typical structure and principal components of our joint modules and robotic arms.



To better illustrate the difference, the following table sets forth a comparison between our high-voltage joint modules and low-voltage joint modules from different dimensions.

Dimension	High-voltage joint modules	Low-voltage joint modules
Supply and environment	Standard 220 V, suited for medium-voltage sites	48 V lab, vehicle or other battery-powered sites
Typical applications	Machine tools 4/5-axis, rotary tables where small size and high torque are required	Humanoid robots, AGVs, industrial robots needing highly integrated servo solutions
Composition	Harmonic reducer, frameless torque motor, encoder	Harmonic reducer, frameless torque motor, brake, encoder, driver

Dimension	High-voltage joint modules	Low-voltage joint modules
Ease of use	Feature water-resistant design, reducing additional protective measure and can be used in various operating environment	Can pair with simple structural parts to form multi-axis systems (e.g., cobots), improving ease of use

Automated Workstation

Leveraging our engineering know-how in flexible manufacturing accumulated from our own harmonic reducer production, we have transformed the flexible-line manufacturing concept into an offering of automated workstations that enable rapid production-line upgrades and address our customers' needs for improved manufacturing productivity. Our automated workstations encompass the integrated application of precision transmission technologies and engineering know-how to address customers' specific automation needs. Designed for small-batch, multi-variety production, we deliver customized workstation-based production lines that incorporate our proprietary robotic arms, control software and sensing modules, supporting applications such as material handling. These workstations are designed to enhance production adaptability and cost efficiency, enabling customers to implement customized production lines with short reconfiguration cycles. By adopting automation, customers can effectively reduce labor costs and enhance product standardization and stability.

For instance, to meet our customers' need for automated metal processing, our efficient flexible workstations are specifically designed for machining operations. They are equipped with custom-engineered tooling and fixtures built for different metal parts. In addition, we seamlessly connect machine tools and robots, even across incompatible communication protocols, through our proprietary communication architecture. By bringing all elements together into a ready to use flexible workstation, we help customers increase efficiency, improve quality and easily adapt to varying production tasks.

Our automated workstation operates as a self-contained cell that can function alone or link with others, enabling automated production of components across the robotics supply chain while also empowering companies in the broader machining industry. We assemble our proprietary robotic arm, control software and sensing modules into a unified system. We ultimately deliver our automated workstation as a fully commissioned production line to our customers, tailored to their needs.

Our automated workstation consists of a CNC machine tool, a robotic arm, a material tray and a control panel. Except for the in-house manufactured robotic arm, the CNC machine tool, material tray and control panel are all sourced from independent third parties and reprogrammed for our automated workstations. For the CNC machine tool, we retrofit automatic doors, connect it to send and receive signals from the robotic arm, and install air pressure sensors on the clamps. The material tray is manufactured by independent third parties based on our designs. The control panel operates the robotic arm, and our robotic arm's software is calibrated and linked to it. Taken together, these components form a fully integrated workstation where each part plays its assigned role.

Use Case

One of our customers manufactures components for robotic arms. We delivered a complete automated workstation that enabled automation of ten machines, covering loading and unloading, process sequencing and quality inspection, thereby reducing manual intervention. Based on the characteristics of the customer's equipment, we optimized process allocation to shorten machining cycles and improve consistency in part accuracy. Our automated workstation also reduced labor and quality-related costs. It supports rapid product-mix changes across three to five different joint-housing models, with model-changeover time of 30 minutes.

COMMERCIALIZATION

The table below sets forth a summary of how each of our products fall within acceptable sectors of a Specialist Technology Industry as defined under Chapter 18C of the Listing Rules:

Specialist technology products	Specialist technology industry acceptable sector	Major function and analysis	Major customer type and customer demand driver
Harmonic reducers .	Robotics and automation (robot technology)	Our harmonic reducers fall within the acceptable sector of robotics and automation, which is defined as the development of robots, automated systems, and enabling technologies. Our harmonic reducers are utilized primarily in humanoid robots and industrial robots, ensuring positioning accuracy of the robots. By providing greater rigidity and load torque, the harmonic reducers operate as a critical enabling technology that supports the development of robotics.	For all of our products, our customers are primarily corporations in fields such as humanoid robots, industrial robots and other automation equipment.
		Within the foregoing sector, our harmonic reducers further fall under the sub-sector of robot technology, which is defined as the engineering of robots, computer software and machines for the improved performance of tasks and/or automation processes. As high-precision transmission devices engineered to enhance robotic motion control, our harmonic reducers directly contribute to improved task performance, enhanced positioning accuracy, and stable automation processes for robots, thereby constituting an integral part of robot technology.	The application landscape for our products is driven by several key factors: (1) continued upgrading Chinese manufacturing; (2) exponential growth of humanoid robots; (3) national policy support; (4) in-depth development of the industry chain; and (5) global expansion of Chinese providers.

Specialist technology products	Specialist technology industry acceptable sector	Major function and analysis	Major customer type and customer demand driver
Joint modules and robotic arms	Robotics and automation (robot technology)	Our joint modules and robotic arms fall within the acceptable sector of robotics and automation. Our joint modules integrate core components of robots such as harmonic reducers, frameless torque motors, brakes, encoders, and drives. Robotic arms are assembled from multiple joint modules, each providing the torque, precision and control required at different axes of motion. Together, they are designed to provide versatile functional support primarily for humanoid robots and industrial robots. By delivering high-precision control over position, speed, and torque, and supporting multiple communication protocols including EtherCAT and CANopen, our joint modules and robotic arms operate as a critical enabling technology that supports the development of robotics. Within the foregoing sector, our joint modules and robotic arms further fall under the sub-sector of robot technology. Engineered to enhance robotic motion control, our joint modules and robotic arms directly contribute to improved task performance, positioning accuracy, and stable automation processes for robots. By integrating core components of robots into a compact form factor and supporting multiple industrial communication protocols, our joint modules and robotic arms enable seamless integration into robotic systems, thereby constituting an integral part of robot technology.	
Automated workstations	Robotics and automation (robot technology)	Our automated workstations fall within the acceptable sector of robotics and automation. Our automated workstations focus on supporting production line upgrades within industrial automation by integrating robotic systems with traditional machine tools in a workstation format, thereby streamlining production lines. Specifically, they enable automated production of components across the robotics supply chain while also empowering companies in other machining industries. Accordingly, the automated workstations operate as a form of automated system and enabling technology that facilitates the efficiency improvement of industrial production and development of robots. Within the foregoing sector, our automated workstations further fall under the sub-sector of robot technology. Tailored to the small-batch, multi-variety manufacturing model common among Chinese enterprises, the automated workstations provide customized production lines that incorporate proprietary robotic arms, control software, and sensing modules. By integrating these components into a cohesive workstation format, the automated workstations enable the automated production of robotics supply chain components and extend productivity benefits to companies across various machining sectors. As a result, they directly contribute to improved task performance and automation processes, thereby constituting an integral part of robot technology.	

Our industry consultant, CIC, confirms and our Directors are of the view that each of our products falls within an acceptable sector of a Specialist Technology Industry, namely, Robot Technology of Robotics and Automation under Advanced Hardware and Software, as defined under Chapter 18C of the Listing Rules on the following basis: (1) our harmonic reducers are primarily used in and are essential components for the operation of humanoid robots and industrial robots, and thus fall within the definition of robot technology under Robotics and Automation; (2) our joint modules and robotic arms enable versatile functional support primarily for humanoid robots and industrial robots, and thus fall within the definition of robot technology under Robotics and Automation; and (3) our automated workstations focus on supporting production line upgrades within industrial automation. It integrates robotic systems with traditional machine tools in a workstation format, and thus fall within the definition of robot technology under Robotics and Automation. Based on the due diligence work conducted by the Sole Sponsor, nothing has come to its attention that would cause it to disagree with the view above. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

We have adopted a transaction-based model for the sales of our harmonic reducer, joint modules and robotic arms and automated workstations. The following table sets forth the timeline of our commercialization of each of our product series.

Product series	Product sub-series	Commencement of revenue generation	Mass production(2)
Harmonic reducer . .	Cup-type harmonic reducer	2015	2017
	Hat-type harmonic reducer	2016	2017
	Double-steel-wheel harmonic reducer	2025	2027(1)
Joint module and robotic arm	High-voltage joint module	2023	2025
	Low-voltage joint module	2024	2025
	Robotic arm	2025	2025
Automated workstation	N/A	2025	N/A

(1) We expect that our double-steel-wheel harmonic reducer will achieve mass production by 2027.

(2) Our products enter mass production once they have (1) passed the relevant performance tests and internal validation procedures, (2) met all applicable performance indicators, and (3) demonstrated readiness for stable batch production and delivery, with a single-batch production qualification rate exceeding 80%.

Our Industry Standards

As of the Latest Practicable Date, the major industry standard applicable to our harmonic reducers was GB/T 30819-2024, Harmonic Reducers for Robots, a fundamental and widely applicable product standard for robotic harmonic reducers, and there was no relevant industry standard applicable to our joint modules and robotic arms, and automated workstations. GB/T 30819-2024 comprehensively specifies the product classification, model, basic parameters and structural dimensions, requirements, testing methods, inspection rules, as well as marking, packaging, transportation and storage of harmonic reducers for robots. Our harmonic reducers satisfied the requirements of GB/T 30819-2024. During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with all applicable laws and regulations in relation to our Specialist Technology Products. For details, see "Regulatory Overview—Regulations and Policies on the Harmonic Reducer Industry."

OUR TECHNOLOGIES

We have established our market presence through technological excellence and industry recognition. Underpinning our competitiveness is a coherent set of core technologies that enables us to design, industrialize and scale robotic precision transmission products with stable performance, predictable quality and disciplined cost. We must continuously launch new products while advancing manufacturing processes, necessitating sustained R&D investments to drive innovation and meet market demands efficiently. Our core technologies can be categorized into the following three aspects: (1) product design related technologies; (2) electric actuation and drive related technologies; and (3) production technologies.

Product Design Related Technology

Our product design core technologies focus on the following.

- ***Tooth profile design***. Tooth profile design is fundamental to the performance of harmonic reducers. Our proprietary tooth profile reduces stress concentration, lowers wear and noise, enhances transmission accuracy and load-bearing capability and extends service life. We adopt a kinematic modeling approach to increase the contact ratio, enabling more uniform and continuous meshing and smoother transmission. We further optimize tooth-surface contact stress to balance tooth-surface strength and tooth-root bending strength. Our design focuses on improving efficiency, reducing noise and extending durability. In addition, we adopt a tool-path-based design methodology that aligns closely with actual machining processes, thereby minimizing design-to-manufacturing deviations, simplifying parameter tuning with fewer variables and improving batch-to-batch consistency. By leveraging our proprietary tooth profile design capability, we are able to design gear geometries that are compatible with advanced machining processes such as gear skiving, a machining process which can slash our core component processing time from two to three hours to under 15 minutes, an eightfold efficiency gain, enabling scalable production that drives progressive unit cost reductions as volume grows.

- ***Structural engineering capabilities***. We carry out customized structural design based on different installation and load requirements, and we verify strength during the design process to ensure the structure remains rigid, reliable and stable in operation. Guided by FEA-based lightweight optimization, we develop lighter cross-roller bearings and steel-aluminum composite rigid wheels and housings for different application needs, allowing the product to stay strong while becoming lighter and quieter. With our in-house material heat treatment and manufacturing processes, we can increase torque output without compromising performance, achieving lower weight and noise, higher efficiency and longer service life. Leveraging our fully integrated production chain, we can deliver non-standard customized versions, including cross-roller bearings, in about one month to support rapid prototyping and mass production for weight-sensitive applications such as humanoid robots.

Electric Actuation and Drive Related Technology

Our electric actuation and drive related technologies focus on the following.

- ***Motor drive technology***. Motor drive technology enables precise control of motor position, speed and torque, thereby supporting high-accuracy motion for joint modules, robotic arms and other devices. Our self-developed motor drivers feature strong hardware reliability, flexible interface options, excellent electromagnetic compatibility and competitive cost performance. Leveraging our in-house software capabilities and core algorithms, the drivers achieve high-bandwidth speed and current control, enabling superior motion accuracy, smoothness and operating adaptability across different working conditions.

  Our drivers integrate functions such as vibration suppression and high-reliability bus communication compensation. Together with our self-developed PC-based application software, users can manage parameters, tuning and firmware without external controllers or disassembling the joint module. The drivers are compatible with mainstream industrial bus protocols and support FOE-based batch firmware upgrades in multi-joint configurations, significantly reducing maintenance complexity for robotic arms and other multi-axis applications. The drivers also support dual-encoder full closed-loop control, enabling simultaneous use of motor-side and output-side encoders to achieve higher motion accuracy.

- ***Encoder technology***. The encoders used in our joint modules provide high-precision position feedback at both the motor side and the joint output side, enabling reliable angle sensing for joint modules and robotic arms and supporting superior positioning accuracy, smooth operation and fast dynamic response. We possess full in-house design capabilities for encoders, which feature excellent electromagnetic compatibility performance high environmental adaptability, high signal accuracy and a compact structural design. Our self-developed encoders flexibly support multiple communication interfaces, as well as single-turn absolute position feedback and multi-turn rotation counting. They can operate in single-encoder mode or in an integrated dual-encoder configuration. The dual-encoder integration provides essential support for implementing redundancy, precision compensation and full closed-loop control in motor drivers or motion controllers. With mastery of key calibration processes, we are able to achieve large-scale, reliable mass production.

- ***Motor technology***. We have accumulated expertise in motor technology. Our self-developed motors offer low torque ripple, smooth operation, low noise, high temperature resistance and a compact structure. By adopting optimized slot-pole combinations, we significantly reduce torque ripple and cogging torque, enabling smoother motion and ensuring lower vibration and noise during the operation of joint modules across various application scenarios. We also master key manufacturing processes such as motor winding, potting and solder-free stator assembly, which enhance protection performance and power density while improving production efficiency and mass-production quality for joint modules. With full in-house capabilities for motor design and manufacturing, we are able to rapidly deliver customized motor specifications and iterative upgrades.

- ***Full-chain in-house R&D and integrated design capabilities***. We possess full-chain R&D capabilities for all core components of joint modules, including harmonic reducers, motors, encoders, drivers and brakes. By adopting an integrated design approach, we optimize and match all components at the design stage, enabling compact, reliable and high-performance joint modules while avoiding the cost, performance and manufacturing issues of simply assembled joint module designs. Motors and brakes are engineered with holistic consideration of installation space, thermal performance, wiring layout and structural strength to achieve compact size and stable operation. Our encoder–driver integration places two high-precision encoders and the motor driver on a single printed circuit board assembly delivering a compact structure, clear cost advantages and improved software performance, hardware reliability and electromagnetic compatibility performance through chip-level high-speed communication.

Production Technologies

Our production technologies focus on the following.

- ***Materials and heat treatment***. We operate core heat treatment equipment for quenching, tempering, normalizing and annealing, and apply self-developed fine heat treatment processes. These processes refine the material microstructure and improve stability and overall mechanical performance. We have also developed composite material solutions that meet diverse application requirements without compromising mechanical properties. Our heat treatment processes enhance grain size and metallographic quality to leading industry levels, ensuring stable part performance and accuracy by strengthening material properties and relieving internal stress generated during forging and machining.

- ***Bearing R&D and manufacturing capability***. We have achieved mass production of high-performance crossed-roller bearings, enabling full value-chain self-supply. Our complete heat treatment line ensures bearing material strength, while automated turning, drilling and milling processes enhance product standardization and production efficiency and reduce labor costs. Comprehensive inspection equipment further secures quality stability during processing. For non-standard requirements in the humanoid robot industry, we offer integrated composite materials, a wide range of customized structural design solutions across multiple sizes, and mature and stable process flows, enabling us to control product lead time within one month, thereby advancing the upgrade of the industry chain.

- ***Vertically integrated manufacturing capability***. We have achieved in-house production for key production processes including primarily heat treatment, precision machining and gear machining, and reduced loss of material through optimization of process parameters. This fully internalized production model demonstrates significant advantages in our cost control. Meanwhile, the vertical integration model has strengthened the quality and controllability of our production process, where data from each stage can be traced and optimized. In addition, in-house production has significantly shortened the supply chain response cycle. When customers propose non-standard customized requirements, our delivery cycle can be shortened within one month, providing strong support for rapid market response.

RESEARCH AND DEVELOPMENT

Through years of R&D efforts, we have built expertise in the field of robotic precision transmission solutions, especially harmonic reducers, and have also developed strong capabilities in the processing and manufacturing of motors and other related components. We continuously expand our product portfolio, updating existing products and introducing cost-effective new products to enhance competitiveness. By intensifying R&D commitments, accelerating market response times and enhancing operational efficiency, we aim to solidify and extend our competitive edge in the industry.

Building on our years of experience in R&D and production of harmonic reducers, we expanded our R&D focus in 2022 to include joint modules, robotic arms and automated workstations, which represents a direct, strategic extension of our harmonic reducer business. This expansion was driven by our customer demand to integrate robotic precision transmission components with different robotic components. In response, we developed joint modules by combining our harmonic reducers with motors and encoders, which in turn serve as the building blocks for our robotic arms. Similarly, to enhance the efficiency and cost-effectiveness of our own production lines, we engineered automated workstation, a product that also addresses our customers' needs for improving their manufacturing productivity. This evolution from components to systems allows us to deliver greater value along the entire manufacturing chain for robotics industry.

We have been committed to investing into our R&D talents and initiatives. We have established two R&D centers and one joint research institute, which include: (1) the R&D center in Shaoxing, Zhejiang province, which focuses on the R&D of processing technologies and materials, with applications in our harmonic reducers, joint modules and robotic arms; (2) the R&D center in Nanjing, Jiangsu province, which focuses on the R&D of electronic control systems, specializing in joint modules and robotic arms; and (3) the joint research institute with Chongqing University, which focuses on the R&D of fundamental transmission technologies, with applications in our harmonic reducers. Leveraging our accumulated experience in the field of harmonic reducer and the synergy among our two R&D centers and one joint research institute across multiple locations, we are able to conduct collaborative product development and accelerate the commercialization of our R&D outcomes. During the Track Record Period, our research and development expenses were RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025, respectively, representing 33.5%, 30.9% and 18.9% of our revenue in the respective periods.

We plan to further enhance our R&D capabilities by establishing a high-standard R&D center in Zhejiang Province. We also plan to enrich our product portfolio and broaden our application scenarios by introducing more model variants of harmonic reducers. For details, see "—Our Growth Strategies" and "Future Plans and Use of Proceeds—Use of Proceeds."

We established the Laifual-Chongqing University Institute of Intelligent Precision Transmission in collaboration with Chongqing University in September 2023. Apart from this initiative, our R&D collaborations with other institutions were limited in 2023, and the key terms of such engagements were materially the same. Leveraging Chongqing University's strong foundation in applied basic research in mechanical transmission and its advantages in cultivating high-level talent, we have continued to expand our joint research team. The institute is dedicated to addressing fundamental scientific issues of intelligent precision transmission equipment, with a particular focus on harmonic reducers, and to developing high-performance, high-reliability and long-lifespan precision transmission products tailored for market demand.

Our collaboration with Chongqing University is mutually beneficial, with researchers involved benefiting from academic or industry recognition for their contribution, while we are primarily entitled to the intellectual property generated. For the R&D collaboration, we have entered into written agreements with Chongqing University, which set out the following key terms.

- ***Roles and responsibilities.*** We are usually responsible for supplying the materials and data required for the R&D projects as well as providing financial support. For collaborations involving co-owned patents, we are generally responsible for the drafting and filing of the patent applications and the upkeep of the relevant patent rights. The collaborating academic institute is normally responsible for appointing a lead professor and research staff for the project and for achieving the agreed project milestones.

- ***Responsible personnel.*** Each party shall assign sufficient personnel to the joint development.

- ***Funding contribution.*** We are typically responsible for the monetary support and other in-kind funding of the collaborative projects, as well as expenses in relation to intellectual property applications and intellectual property rights maintenance.

- ***Intellectual property.*** Intellectual property rights created through our R&D collaboration will be solely owned by us.

- ***Confidentiality.*** Each party must preserve the confidentiality of information obtained in the course of the collaboration, and refrain from using such information for any unrelated purposes.

As of the Latest Practicable Date, none of our intellectual property rights was co-developed or co-owned with Chongqing University. During the Track Record Period and up to the Latest Practicable Date, we had not in-licensed any material intellectual property rights in relation to our core technologies or outsourced any material research and development processes to third parties. During the Track Record Period and up to the Latest Practicable Date, save as our partnership with Chongqing University, we performed substantially all of the R&D of our products in house. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material legal claims or proceedings that may have an influence on the research and development of our products.

Our Research and Development Team and Core Members

We had assembled a research and development team consists of 126 personnels, accounting for over 22.0% of our workforce, as of the December 31, 2025. Our dedicated and experienced R&D team is led by Mr. Zhang Han, who possesses over 16 years of profound industry experience in the precision transmission solution industry. The following table sets forth the details of our core research and development members.

Core research and development members	Profile
Mr. Zhang Han	Mr. Zhang Han is an executive Director of our Company and has served as and technical director since July 2014. He obtained a bachelor's degree in mechanical design, manufacturing and automation, from Taiyuan University of Technology (太原科技大學) in July 2009. As our technical director and an intermediate engineer, he is responsible for overseeing the technology research and development of our Group, such as our R&D initiatives and technological roadmap. Mr. Zhang has over 16 years of experience in the mechanical engineering industry. He has led the development and establishment of the Zhejiang Manufacturing Group Standard for Harmonic Reducers for Robots. He has led the development of eight derivative products across the FS and FH series, including a new tooth profile currently in mass production. He also engineered a compact dual-steel-wheel product for humanoid robotics and expanded the harmonic reducer portfolio with both ultra-miniature and larger-format models to address diverse customer requirements.
Mr. Wu Di	Mr. Wu Di is the director of our Nanjing R&D center. He holds a bachelor's degree in electrical engineering and automation from Dalian Jiaotong University and a master's degree in power electronics and electric drives from Shanghai University of Electric Power. He previously served as the product line manager at Midea Group, where he led the strategy, development, and go-to-market execution for product lines. He is primarily responsible for the joint module and robotic arm business, as well as the IT digitalization department. Mr. Wu has established and led both business units from planning through R&D to mass production and commercialization, while also overseeing the implementation of MES, WMS and 5G smart factory systems, building two core growth engines for the company.

Core research and development members	Profile
Mr. Shen Zhongfu	Mr. Shen Zhongfu is our deputy director of our Laifual–Chongqing University Institute, operations director and process engineering department manager. He holds a bachelor's degree in mechanical design, manufacturing and automation from Zhejiang Sci-Tech University. He previously served as the process engineering department manager at the R&D center of Shinmay Pump Industry. He is primarily responsible for the overall process improvement and efficiency enhancement. Mr. Shen has led the implementation and execution of our automated workstations, resulting in a 30% increase in production efficiency and a 40% reduction in costs for the relevant processes, while effectively ensuring consistency in product machining.
Ms. Xie De'e	Ms. Xie De'e is our manager of R&D development. She holds a bachelor's degree in electrical engineering and automation and a master's degree in electric machines and electric apparatus from Nanjing University of Aeronautics and Astronautics, respectively. Ms. Xie has seven years of experience in motor drive development. She worked at Estun and Midea, where she participated in multiple projects related to servo drive software design and development. She is primarily responsible for the development of motor drives. Ms. Xie has led her team in completing the driver and product design for dozens of joint modules, developed and commercialized multiple core algorithms and overcome a range of industry application challenges.
Mr. Zhao Cancan	Mr. Zhao Cancan is our manager of R&D development. He holds a bachelor's degree in mechanical and electronic engineering from Jiangsu University. He previously served as the servo motor supervisor at Boneng Transmission. He is primarily responsible for product development of motors and brakes. Mr. Zhao has led the team in completing the design and development of dozens of frameless torque motors, overcoming design and mass production challenges for both electromagnetic brakes and permanent magnet brakes. He has also advanced motor-brake integration technology, optimized motor production processes, significantly improved production efficiency and reduced manufacturing costs.

We retain key management and technical staff with competitive remuneration packages and welfare benefits. We also invest in training programs to upskill our key staff. In the event of termination of employment requested by key staff, we closely communicate with the staff for the reason of departure and feedback for us. We also recruit candidates with relevant knowledge and skills by online recruitment, campus recruitment and internal referrals, among others, to avoid the negative impact that could be caused by attrition.

The salient terms of agreements with management and technical staff are set out below.

- ***No conflict.*** During the employment, the employee shall not engage in any other job, whether full-time or part-time, without our written consent.

- ***Non-competition.*** We have the right to unilaterally initiate a non-competition period of up to two years following the termination of employment. During the term of employment and the non-competition period initiated by us, the employee shall not engage in any competitive behavior.

- ***Non-solicitation.*** During the employment and for two years thereafter, the employee shall not, directly or indirectly, solicit or attempt to solicit our current and former employees to leave their employment or solicit or otherwise influence our relationships with our customers or suppliers.

- ***Inventions arrangement.*** We own all rights, titles and interests (including patent rights, copyrights, trade secret rights and all other intellectual property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), designs, know-how, ideas and information made, conceived or reduced to practice, in whole or in part, by the employee during the term of the employment contract to the fullest extent allowed by applicable laws, and the employee shall promptly disclose all inventions to us.

- ***Proprietary information arrangement.*** All inventions and all other business, technical and financial information (including, without limitation, the identity of and information relating to customers or employees) the employee develops, learns or obtains during the term of the employment contract that relate to us or our business or demonstrably anticipated business, or that are developed in whole or in part during the employment or using our equipment, supplies, facilities or confidential information, or that are received by or for us in confidence, constitute proprietary information. The employee shall hold in confidence and not disclose or, except within the scope of the employment, use any proprietary information. The employee shall maintain confidentiality obligations indefinitely after the expiration or termination of employment until we declare such information declassified or that such information becomes publicly available. The expiration or termination of the employment agreement shall not release employees from the continued confidentiality obligations.

Our Research and Development Process

Our research and development process involves a framework in which factors such as customers demand, feasibility analysis, technology developments and application scenarios are taken into consideration. We have established a comprehensive process to ensure strict control and oversight of our R&D activities, which is applicable to all our Specialist Technology Product. Our R&D process primarily encompasses the key steps of (1) conceptual and planning stage, (2) product design and development stage, (3) process design and development stage, and (4) testing and commercialization stage, after which we proceed with mass production conducted at our own production facility in Shaoxing, Zhejiang Province. For each Specialist Technology Product, we tailor our R&D process based on its core technology. For instance, we mainly focus on (1) materials and heat treatment, bearing R&D and manufacturing capability, and vertically integrated manufacturing capability for our harmonic reducer; (2) motor drive technology, encoder technology and motor technology for our joint modules and robotic arms; and (3) full-chain in-house R&D and integrated design capabilities for our automated workstations. Furthermore, process from formulation of product concepts to the commencement of mass production may vary from 180 days to one year, depending mainly on the complexity and novelty of products, as well as the requirements of relevant customers. We have implemented rigorous control protocols over our research and development process to ensure full-cycle quality control. In addition, through rigorous front-loaded validation and process optimization in R&D, we address potential production challenges before they reach the factory floor, fundamentally reducing lead times by avoiding costly trial-and-error during mass production.

- At the conceptual and planning and project stage, we establish a cross-functional team. Driven by customer requirements, this team develops the testing protocol, initial special characteristics list and supporting data. We also initiate facility planning and conduct a rigorous feasibility analysis before finalizing the project plan for official kick-off.

- At the product design and development stage, our R&D personnel proceed with the development tasks from designing to prototype testing review. Specifically, we undergo rigorous prototype inspection and validation against our testing protocols. It concludes with critical gate reviews: a product design review to ensure specification compliance, and a manufacturability review to guarantee production viability. At this stage, we focus on optimizing product performance and quality and achieving innovation and improving our product to meet technical and market demands.

- At the process design and development stage, we establish the complete manufacturing framework by creating essential documentation, including the process flow, PFMEA (a quality control system), preliminary control plan and work instructions, while finalizing packaging specifications. To ensure operational readiness, we conduct comprehensive operator and inspector training and develop the foundational plans for measurement system analysis and initial process capability studies. This phase concludes with a formal process design review, where all elements are rigorously assessed and approved before advancing to testing and commercialization.

- At the testing and commercialization stage, we establish a preliminary control plan to guide a pilot run. This trial is rigorously evaluated through capacity and cycle time testing, initial process capability studies, packaging assessments, and measurement system analysis, leading to the official release of the final control plan. The final step of this stage is the final review by the production-related departments, which serves as a key control milestone for transitioning to mass production. Upon the successful issuance of the quality control plan, the process is approved for full-scale production.

INTELLECTUAL PROPERTY RIGHTS

We believe that our intellectual property rights are critical to our continued success. We have taken the following key measures to protect our intellectual property rights, including (1) establishing a set of comprehensive internal policies to implement effective management over our intellectual property rights, (2) timely registration, filing and application for the ownership of our intellectual properties, (3) timely report to the management upon identification of infringement of our intellectual property rights by third parties, (4) providing trainings to enhance employees' intellectual property right awareness and to ensure our intellectual property protection measures' long-term effectiveness, and (5) stipulating and emphasizing the ownership and protection of intellectual properties in the employment agreements and employee handbook.

As of the Latest Practicable Date, we had 81 granted patents in China, including 52 invention patents, 26 utility model patents and three design patents, and filed 33 patent applications which were pending approval. As of the same date, we had 26 registered trademarks.

Examples of patents held by us in connection with our core technologies which we consider to be material to our business include the following:

Patent name	Place of registration	Patent number	Major function	Tenure	Expiration date	Relevant Specialist Technology Product	Core technology involved
A servo reduction module with overload protection function and overload protection method (一種具有過載保護功能的伺服減速模組及過載保護方法)	China	202310937144.9	Provide overload protection for the servo reduction module while achieving its miniaturization and light weighting.	20 years	2043-07-28	Joint modules, robotic arms, automated workstations	Motor drive technology, encoder technology, motor technology, full-chain in-house R&D and integrated design capabilities
Integrated joint module (一體化關節模組)	China	201920724688.6	Deliver a compact, lightweight integrated joint module with minimized wiring needs and a central through-hole for internal cable routing, ensuring concealed wiring and a clean, aesthetically refined robot appearance.	20 years	2029-05-20	Joint modules, robotic arms, automated workstations	Motor drive technology, encoder technology, motor technology, full-chain in-house R&D and integrated design capabilities
Angular harmonic reducer with high reduction ratio (大減速比角向諧波減速裝置)	China	201410037100.1	Achieve a significantly increased reduction ratio by connecting two harmonic reducers in series to meet demanding application requirements, while incorporating a spiral bevel gear between them to enable angular transmission at any direction between 90° and 180°.	20 years	2034-01-26	Harmonic reducers	Tooth profile design, structural engineering capabilities
Harmonic reducer for robots (機器人用諧波減速器) . .	China	201610768273.X	Implement a compact and lightweight harmonic reducer for robots featuring an integrated roller bearing assembly, simplified mounting interfaces, and a modular internal structure comprising a flexspline assembly and wave generator housed within a circular spline to facilitate straightforward assembly.	20 years	2036-08-30	Harmonic reducers	Tooth profile design, structural engineering capabilities

Patent name	Place of registration	Patent number	Major function	Tenure	Expiration date	Relevant Specialist Technology Product	Core technology involved
A heat treatment process combining over-strength steel forging and normalizing-annealing (一種超過強度鋼鍛造成型工藝和正退火結合的熱處理工藝) . .	China	201910113533.3	Integrate forging, normalizing and annealing into a streamlined production line that eliminates separate normalizing heating, enables uniform rapid cooling, reduces energy and labor costs, and enhances product quality stability.	20 years	2039-02-14	Harmonic reducers	Materials and heat treatment, bearing R&D and manufacturing capability, vertically integrated manufacturing capability
A heat treatment process for thin-walled flexible gears of harmonic reducers (一種針對諧波減速器薄壁柔性齒輪的熱處理工藝)	China	201910115467.3	Implement a composite heat treatment for flexible thin-walled gears through triple processes: spheroidizing annealing, high-temperature quenching and tempering, and isothermal quenching, significantly enhancing tensile strength.	20 years	2039-02-14	Harmonic reducers	Bearing R&D and manufacturing capability
A high-torque, high-rigidity, and long-service-life harmonic reducer and its processing method (一款高扭矩高剛性長壽命諧波減速器及其加工方法)	China	201910812154.3	Enhance harmonic reducer performance by installing internal gear teeth on the flexspline inner wall to reduce heat generation, provide space for lubricant retention and flow, improve lubrication between the flexspline and flexible bearing, increase flexspline rigidity, and extend service life.	20 years	2039-08-30	Harmonic reducers	Vertically integrated manufacturing capability
Harmonic reducer with a spherical flexible bearing (帶球面柔性軸承的諧波減速器) . .	China	202110367723.5	Install a reinforcement component between the outer wall of the circular spline and the top surface of the cross-roller bearing to prevent deformation and loosening, thereby significantly extending the service life of the harmonic reducer.	20 years	2041-04-06	Harmonic reducers	Bearing R&D and manufacturing capability

Patent name	Place of registration	Patent number	Major function	Tenure	Expiration date	Relevant Specialist Technology Product	Core technology involved
A harmonic reducer with vibration damping and its manufacturing method (一種可減振的諧波減速器及其製造方法) . . .	China	202010069568.4	Produce a harmonic reducer whose output end dampens transmission of internal vibration to rigid transmission components while enhancing the elasticity and aging resistance of the rubber layer. This invention also provides a manufacturing method for a vibration-damping harmonic reducer.	20 years	2040-01-10	Harmonic reducers	Vertically integrated manufacturing capability
A harmonic reducer with a composite ball bearing and associated lower housing manufacturing method (一種帶複合球軸承的諧波減速器及下殼體製造方法)	China	202110145695.2	Deliver a high-torque, high-rigidity, long-life harmonic reducer incorporating a composite ball bearing with hybrid roller-ball elements to enhance load capacity across high and low-speed applications, increase output load rating, and extend service life.	20 years	2041-02-02	Harmonic reducers	Bearing R&D and manufacturing capability, vertically integrated manufacturing capability
A flexible gear for harmonic reducer and its manufacturing method (一種諧波減速器用柔性齒輪及其製造方法) . .	China	202110145704.8	Enable direct wave generator action on the flexible ring to extend service life, while utilizing simultaneous multi-gear casting to enhance production efficiency, precision, and component strength.	20 years	2041-02-02	Harmonic reducers	Tooth profile design, vertically integrated manufacturing capability

As advised by our PRC Legal Advisor, pursuant to the Patent Law of the PRC (中華人民共和國專利法), an invention patent registered in China is valid for a term of 20 years from the date of filing of the application for the patent, an utility model patent registered in China is valid for a term of 10 years from the date of filing of the application for the patent, and since June 1, 2021, a design patent registered in China is valid for a term of 15 years from the date of filing of the application for the patent. Despite our precautions, however, third parties may obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. See "Risk Factors—Risks Relating to the Research and Development and Intellectual Property Rights of Our Products." Our Directors confirm that there was no instances of infringement of third parties' intellectual property rights, material disputes or any other pending material legal proceedings related to intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date. Based on the due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would reasonably cause the Sole Sponsor to cast doubt on the Directors' aforesaid confirmation on intellectual property rights.

SALES AND MARKETING

During the Track Record Period, we primarily sold our products to customers located in China. During the Track Record Period, our revenue from sales to customers located outside China was RMB2.6 million, RMB4.6 million and RMB7.0 million in 2023, 2024 and 2025, respectively, representing 2.8%, 4.3% and 2.7% of our total revenue for same periods, respectively.

We adopted hybrid sales channels and sold our products through both direct sales and distributors. The following table sets forth a breakdown of our revenue by distribution channels for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands except for percentages)					
Direct sales	55,249	58.4	61,645	57.2	127,850	49.0
Distributorship	39,296	41.6	46,069	42.8	133,018	51.0
Total	**94,545**	**100.0**	**107,714**	**100.0**	**260,867**	**100.0**

Our sales force is essential to build, maintain and promote our brand image by interacting, introducing and demonstrating the features of our products directly to our customers. As of December 31, 2025, we had assembled a dedicated sales and procurement team of 21 members with strong expertise in the sales of our products. The technically complex nature of our product requires our sales force to possess specialized expertise. Our sales and marketing team is equipped with knowledge of our products and is primarily responsible for frequently communicating with our customers and understanding their feedback on the quality, improvements and market demand of our products. To encourage and incentivize our sales force, we have implemented a compensation structure combines a fixed salary with performance-based assessments and special incentives.

Our Sales Arrangement

Direct sales

In 2023, 2024 and 2025, we had 350, 332 and 313 direct sale customers, respectively. Our direct sales customers mainly comprise leading companies in robotic industries. We sell our products to customers via direct sales at their demand. We believe that our direct engagement with these customers and our proactive efforts to develop and strengthen relationship with them can enable us to address their demands in a satisfactory and efficient manner, accumulate critical know-hows, and enhance our market penetration and positioning in the relevant downstream sectors. We source new business opportunities mainly through direct marketing initiatives, by participating in industry exhibitions or acting upon publicly available information published by potential customers, among other measures.

The following table sets forth certain key metrics of our direct sales customers for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Number of direct sales customers	350	332	313
Number of new direct sales customers	235	186	179
Average direct sales customer value[(1)] (RMB in thousands)	158	186	408

	Year ended December 31,		
	2023	2024	2025
Direct sales customer retention rate[2]	44%	42%	40%
Net dollar retention rate of direct sales customers[3]	107%	89%	151%

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

(2) Calculated by dividing the number of direct sales customers of both current and previous periods by the number of direct sales customers of the previous period, multiplied by 100%.

(3) Calculated by dividing the revenue of a current period from direct sales customers of both current and previous periods by the revenue of the previous period of such direct sales customers, multiplied by 100%.

Our number of direct sales customers decreased from 350 in 2023 to 332 in 2024 and further to 313 in 2025, and our direct sales customer retention rate decreased from 44% in 2023 to 42% in 2024 and further to 40% in 2025. Such decreases were primarily due to our strategic optimization of the direct sales channel to reduce inefficient sales and administrative procedures. This trend reflects our deliberate shift away from lower-margin customers to focus on higher-value relationships, reinforcing our commitment to long-term profitability over short-term volume.

Principal terms of sales agreements with direct sales customers

We typically enter into sales agreements and purchase orders with our direct sales customers. The following paragraphs set forth a summary of the salient terms of our arrangements with direct sales customers.

- ***Term and termination.*** Our sales agreements with direct sales customers generally range from one to two years. Parties may terminate the sales agreement upon mutual agreement. We are required to supply the purchased products within the time period indicated in our contract with our direct sales customers.

- ***Product specification***. Our customers typically set forth specific product specification requirements for the products ordered, including the type and specific models, additional components of the model purchased, if applicable, number of products, price per unit and the total price.

- ***Product delivery.*** Typically, we are responsible for delivering products to the customer's designated location.

- ***Pricing***. We sell our products to direct sales customers at agreed levels as stipulated in purchase orders.

- ***Supporting services***. We are responsible for providing supporting services to the direct sales customers.

- ***Product return and warranty***. We do not allow product return from our direct sales customers. Our warranty term is usually 12 months, and applies only to limited circumstances, such as defects or failure of products or services that do not meet the quality standards as specified and agreed in the agreements.

- ***Risk allocation.*** The risk of damage is generally on the direct sales customers once our products are delivered to direct sales customers.

- ***Return and exchange***. Products are typically accepted in accordance with customer's specifications, as well as national and industry standards. Should any quality issues arise, we shall be responsible for replacement or the direct sales customers can return the products.

- ***Minimum purchase commitment.*** We do not require the direct sales customers to meet any minimum purchase amount.

Sales through distributors

We have adopted a distributorship model for a portion of the sales and distribution of our products to end customers. As the industry has a large number of small and medium-sized customers, we utilize a distributor model to achieve a wider market reach and provide more localized service to end customers. The downstream customers of our major distributors primarily include companies in the fields of machine tools, industrial robots and palletizing robots. According to the CIC Report, the engagement of distributors for the sales of products is in line with industry norm. Our distribution arrangements are non-exclusive. Our relationship with distributors is categorized as seller-buyer relationships, as they buy out our products from us and then resell the products to the end customers. We recognize sales revenues from distributors when the control over our products is transferred to such distributors.

Our distributors are not allowed to sub-distribute our products to other parties without our prior consent. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any sub-distributors of our products.

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

	As of/for the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year	20	20	23
Number of new distributors	1	3	4
Number of exiting distributors	1	0	0
Number of distributors at the end of the year	20	23	27
Average distributor value(1) (RMB in thousands)	1,965	2,003	4,927
Distributor retention rate(2)	95%	100%	100%
Net dollar retention rate of distributors(3)	137%	116%	257%

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

(2) Calculated by dividing the number of distributors of both current and previous periods by the number of distributors of the previous period, multiplied by 100%.

(3) Calculated by dividing the revenue of a current period from distributors of both current and previous periods by the revenue of the previous period of such distributors, multiplied by 100%.

Our historical sales through distributors were generally recurring, except for circumstances where we terminated our relationship with certain distributors. During the Track Record Period and up to the Latest Practicable Date, we did not experience material breach of distribution agreements that had a significant impact on our business, nor did we have any material disputes with or experience any return or exchange of products from our distributors that had a material adverse effect on our business.

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, except for the business relationship with us pursuant to the distribution arrangements, there is no other relationship between the distributors and each of our Company, our subsidiaries, our Shareholders who own 5% or more of our total issued Shares, Directors or senior management or any of their respective associates.

Principal terms of distribution agreements

We typically enter into distribution agreements with our distributors. The following paragraphs set forth a summary of the salient terms of our arrangements with distributors.

- ***Term***. The term of the distribution agreement is typically one to three years. Parties may terminate the distribution agreement in the event of either party breaches any material term or condition after written notice.

- ***Pricing and payment term***. We set the minimum selling prices of our products by our distributors to the end customers. We generally require prepayments from our distributors before delivery, while we may grant credit term to certain distributors with good credit profile and/or collaborative relationship with us, with a credit term typically ranging from two to six months.

- ***Purchase amount and sales target***. The distributors confirm the purchase amount with us in written purchase orders specifying product model, specifications, quantity and total amount. We do not set purchase amounts and sales targets for our distributors.

- ***Product return and warranty***. We do not allow product return from our distributors. Our warranty term is usually 12 months, and applies only to limited circumstances, such as defects or failure of products or services that do not meet the quality standards as specified and agreed in the agreements. For such quality issues, we offer free exchanges.

Distributor management

We have implemented certain measures to monitor and manage our distributors, including those on distributor selection, and will terminate collaborations with distributors who violate the distribution agreement:

- ***Distributor selection***. We conduct distributor selection based on evaluation of their reputation, customer resources, financial stability and service capabilities, and issue distributor certificates to qualified ones as our consistent practice.

- ***Channel stuffing risk management***. To mitigate the risk of channel stuffing, we require our distributors to establish formal inventory management systems, conduct regular inventory checks and maintain optimal inventory levels aligned with market demand, so as to avoid overstocking or stockouts. We do not set sales targets for distributors that may pressure them into placing excessive orders. Instead, we maintain ongoing communication with distributors to monitor their inventory status and ensure their stock levels match actual market demand. Except for products returned due to quality issues caused by us, we do not accept returns of unsold goods from distributors, which curtails distributors' motivation to overstock. These measures ensure healthy channel inventory levels and effectively mitigate risks of price erosion and excess stock.

- ***Anti-cannibalization***. We manage cannibalization risks among distributors by specifying the products to be distributed and the geographical regions for which a distributor is responsible for in the agreement. We prohibit distributors from selling products outside the respective designated geographical regions without prior written consent from us. If the distributor breaches such term, we shall have the right to terminate the agreement, and the distributor shall bear full liability for all direct and indirect losses incurred by us as a result thereof.

Marketing and Branding

We believe that the competitive advantages of our products, close ties with key players in relevant downstream sectors, mass production experience and our commitment to product-market-fit have played a significant role in appealing to customers and enhancing our market penetration. Due to the nature of our products and customers, we have adopted an efficient and targeted go-to-market approach, focusing on constructive ongoing communications with key players in relevant downstream sectors, including topics on product development, technology trends and supply chain strategies. During such process, we identify and address evolving customer needs and pain points, which provides critical insights to support our new product development while simultaneously enhancing customer stickiness.

To further enhance our visibility and cultivate our brand image, we selectively participate in industry symposiums and exhibitions, especially domestic and international specialized niche exhibitions to expand our market influence, foster business collaborations and engage directly with potential clients. We also share our latest developments, industry analyses and product information through diverse online media channels. We utilize social media platforms for business engagement, attracting the attention of downstream manufacturers and engineers.

We also employ content marketing strategies, including case studies and technical blogs, to highlight the value of our products in practical applications. Furthermore, we enhance online visibility through search engine optimization and search engine marketing, deploying targeted advertisements on mainstream search engines to reach potential customers. For brand promotion, we collaborate with key opinion leaders in the robotics field, industry experts and internationally renowned university research institutions to co-create content. Additionally, we enhance brand credibility through public relations activities, such as issuing press releases and participating in industry award competitions. We continuously monitor marketing effectiveness, use data analysis tools to optimize strategies, ensure efficient resource allocation and maximize market penetration.

Pricing

The price range of our products tend to vary depending on different functions and complexity and customer specifications. We have also adopted a hybrid pricing strategy that combines standard and customized product models, implementing flexible approaches to pricing and business cooperation. We primarily determine our product pricing through negotiations with our customers. Meanwhile, we consider factors such as our costs, desired profit margin, pricing of similar products of competitors and degree of market competition in formulating our pricing policies. We also take into account order-specific factors such as the quantity, specification or product types, the customer's required delivery timeline, payment and settlement terms. We pursue a dynamic pricing balance that both creates value for our customers and ensures our own sustainable development. This strategy helps avoid excessive competition and lays a solid foundation for long-term customer partnerships.

CUSTOMERS

Our customers during the Track Record Period primarily include direct sales customers in the fields of humanoid robots, industrial robots and other automation equipment, as well as distributors. In 2023, 2024 and 2025, revenue generated from our top five customers for each year during the Track Record Period accounted for 29.3%, 37.7% and 42.3% of our total revenue of such period, respectively, and revenue generated from our largest customer for each year during the Track Record Period accounted for

8.4%, 10.9% and 12.1% of our total revenue in the same periods, respectively. We typically settle payments with our top five customers by bank transfer and bank acceptance bills. All of our top five customers in each year during the Track Record Period were located in China.

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

Customer	Revenue amount	Percentage of revenue contribution	Type of customer	Commencement of collaboration	Payment term	Products and/or services provided by us
	(RMB in thousands)	(%)				
For the year ended December 31, 2023						
Customer A[(1)] . . .	7,987	8.4	Distributor	2018	90 days upon receipt of invoice	Harmonic reducers and other precision components
Customer B[(2)] . . .	6,371	6.7	Direct sales customer	2020	30 days upon receipt of invoice	Harmonic reducers and other precision components
Customer C[(3)] . . .	5,169	5.5	Distributor	2021	180 days upon receipt of invoice	Harmonic reducers and other precision components
Customer D[(4)] . . .	4,081	4.3	Distributor	2016	90 days upon receipt of invoice	Harmonic reducers and other precision components
Customer E[(5)] . . .	4,047	4.3	Direct sales customer	2018	30 days upon receipt of invoice	Harmonic reducers and other precision components
Total	**27,655**	**29.3**				
For the year ended December 31, 2024						
Customer A	11,740	10.9	Distributor	2018	90 days upon receipt of invoice	Harmonic reducers and other precision components
Customer F[(6)] . . .	8,987	8.3	Direct sales customer	2021	90 days upon receipt of invoice	Harmonic reducers and other precision components
Customer B	7,601	7.1	Direct sales customer	2020	30 days upon receipt of invoice	Harmonic reducers and other precision components
Customer G[(7)] . . .	6,238	5.8	Distributor	2022	30 days upon receipt of invoice	Harmonic reducers and other precision components; Joint modules and robotic arms
Customer H[(8)] . . .	6,026	5.6	Direct sales customer	2018	180 days upon receipt of invoice	Harmonic reducers and other precision components
Total	**40,592**	**37.7**				

Customer	Revenue amount	Percentage of revenue contribution	Type of customer	Commencement of collaboration	Payment term	Products and/or services provided by us
	(RMB in thousands)	(%)				
For the year ended December 31, 2025						
Customer I[(9)] . . .	31,637	12.1	Distributor	2021	90 days upon receipt of invoice	Harmonic reducers and other precision components; Joint modules and robotic arms
Customer G	23,424	9.0	Direct sales customer	2022	90 days upon receipt of invoice	Harmonic reducers and other precision components; Joint modules and robotic arms
Customer A	22,215	8.5	Distributor	2018	90 days upon receipt of invoice	Harmonic reducers and other precision components; Joint modules and robotic arms
Customer C	21,719	8.3	Distributor	2021	180 days upon receipt of invoice	Harmonic reducers and other precision components; Automated workstations
Customer E	11,485	4.4	Direct sales customer	2018	30 days upon receipt of invoice	Harmonic reducers and other precision components
Total	**110,480**	**42.3**				

(1) Includes the entities that were under the control of Customer A with their transaction amounts with the Group presented on an aggregate basis. Customer A is a private company incorporated in 2018, focusing on the research, development and sale of industrial automation control systems, hardware and electromechanical equipment, with a registered capital of RMB5.0 million.

(2) Customer B is a private company incorporated in 2016, primarily engaged in the research and development, manufacturing and sales of industrial robots, special-purpose robots and related motion control and automation systems, with a registered capital of RMB12.0 million.

(3) Includes the entities that were under the control of Customer C with their transaction amounts with the Group presented on an aggregate basis. Customer C is a private company incorporated in 2021, focusing on technology services, sales of new energy power machinery and micro-motor components, robotics and mechanical equipment, with a registered capital of RMB1.0 million.

(4) Customer D is a private company incorporated in 2014, primarily engaged in domestic trade and import/export of goods and technology; its licensed operations include the R&D, production and sales of electromechanical equipment, general machinery and mold products and their parts, with a registered capital of RMB1.0 million.

(5) Includes the entities that were under the control of Customer E with their transaction amounts with the Group presented on an aggregate basis. Customer E is a private company incorporated in 2014 and a leading industrial robot enterprise, primarily engaged in the R&D, manufacturing, sales, maintenance and import/export of industrial robots, service consumer robots and intelligent manufacturing equipment, with a registered capital of RMB23.9 million.

(6) Includes the entities that were under the control of Customer F with their transaction amounts with the Group presented on an aggregate basis. Customer F is a private company incorporated in 2014, primarily engaged in the R&D, manufacturing and sales of intelligent and industrial robots, as well as related AI hardware and software. It also provides technical services, import/export and industrial automated workstations, with a registered capital of RMB63.6 million.

(7) Customer G is a private company incorporated in 2022, primarily engaged in the R&D, manufacturing and sales of intelligent and industrial robots, related AI hardware and software, as well as technical services, import and export and industrial automated workstations, with a registered capital of RMB1.0 million.

(8) Includes the entities that were under the control of Customer H with their transaction amounts with the Group presented on an aggregate basis. Customer H is a private company incorporated in 2018 and a leading industrial robot enterprise, specializes in the R&D, production, and sales of intelligent robots, industrial automation control systems and computer software/hardware. Its business also includes technical services, maintenance and import and export operations, with a registered capital of RMB40.0 million.

(9) Customer I is a private company incorporated in 2018, focusing on the R&D and sales of intelligent robots, industrial automation systems and multi-axis CNC equipment, with a registered capital of RMB0.5 million.

To the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

To the best of our knowledge, none of our five largest customers during the Track Record Period, including their ultimate beneficial owners, directors or senior management, have any past or present relationships (including business, employment, financing, family, trust or otherwise) with us, our subsidiaries, their shareholders, directors, senior management, or any of their respective associates.

SUPPLIERS

Procurement Model and Supplier Management

We have established a procurement team to arrange and place orders for our major procurements, including our raw materials, such as steels, alloys, components and bearings for the production of our products. Our procurement team are responsible for formulating our procurement plans, development, evaluations and management of suppliers, demand analysis, price comparison and negotiation and procurement cost management. We have also implemented systematic procurement procedures focused on bulk procurement, to enhance our procurement efficiency. We require the suppliers to develop and manufacture the components based on our specifications with quality standards satisfactory to us. Upon receiving the components, we retain the right to reject or return based on the results of our inspection.

We normally enter into framework agreements with raw materials and components providers which set out the general terms and conditions of cooperation. We make separate purchase orders pursuant to the framework agreements and negotiate prices and volumes before each purchase order. We make the payment as set forth in the purchase order, and the supplier is typically responsible for the delivery of the products. Prior to entering into business relationships with such raw materials and components providers, we evaluate a variety of factors, including their product quality, qualification, reputation, pricing and overall services. We perform thorough due diligence on our suppliers, request samples before making purchase orders and regularly monitor and review their performance.

Manufacturing Partners

During the Track Record Period, we also engaged manufacturing partners for certain production processes, such as forging and turning services for parts and components. See "—Production." We typically select manufacturing partners based on prices, contract performance and quality of services. We maintain good relationships with our manufacturing partners through frequent communication on project-related matters, particularly on the progress of work and project requirements. There was no material delay in delivery of services by our manufacturing partners during the Track Record Period. In 2023, 2024 and 2025, our outsourced costs amounted to RMB2.6 million, RMB2.8 million and RMB3.6 million, respectively, accounting for 3.9%, 3.4% and 1.8% of our total cost of sales in the same respective periods.

Major Suppliers

Our suppliers primarily consist of (1) providers of raw materials, such as steels, alloys, components and bearings for the production of our products; (2) suppliers offering forging and turning services for parts and components; and (3) suppliers of manufacturing equipment. In 2023, 2024 and 2025, our cost of materials accounted for 33.7%, 33.1% and 57.1% of our total cost of sales, respectively. Our cost of materials primarily includes steels, bearings and machined parts. During the Track Record Period, our providers of raw materials primarily located in Zhejiang Province, Jiangsu Province, Henan Province, Shanghai and Japan. The composition of our top five suppliers for each year fluctuated during the Track Record Period, primarily due to our evolving procurement needs for various raw materials and equipment for production. In 2023, 2024 and 2025, purchases from our top five suppliers for each year during the Track Record Period accounted for 29.4%, 28.4% and 30.5% of our total purchase amount of such period, respectively, and the purchase from our largest supplier for each year during the Track Record Period accounted for 10.8%, 9.6% and 11.8% of our total purchase amount in the same periods, respectively. We typically settle payments with our top five suppliers by bank transfer and bank acceptance bill.

The following tables set forth the details of our top five suppliers in each year during the Track Record Period.

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Products and/or services purchased	Location
	(RMB in thousands)	(%)				
For the year ended December 31, 2023						
Supplier A[(1)] . .	7,496	10.8	2014	60 days	Flexible bearings	China
Supplier B[(2)] . .	4,071	5.9	2022	Prepayment	Manufacturing equipment	China
Supplier C[(3)] . .	3,047	4.4	2022	Prepayment	Manufacturing equipment	Japan
Supplier D[(4)] . .	2,953	4.3	2018	Payment upon delivery	Steel rods	China
Supplier E[(5)] . .	2,783	4.0	2021	Prepayment	Gear skiving machine and gear measuring instruments	Hong Kong
Total	**20,350**	**29.4**				
For the year ended December 31, 2024						
Supplier F[(6)] . .	10,743	9.6	2023	Payment upon delivery	Building construction service	China
Supplier G[(7)] . .	5,545	5.0	2024	Prepayment	Manufacturing equipment	China
Supplier H[(8)] . .	5,282	4.7	2023	Payment upon delivery	Concrete for building construction	China
Supplier E . . .	5,140	4.6	2021	Prepayment	Gear skiving machine and gear measuring instruments	Hong Kong
Supplier I[(9)] . . .	5,068	4.5	2023	Payment upon delivery	Valve snail	China
Total	**31,778**	**28.4**				

Supplier	Purchase amount	Percentage of purchase contribution	Commencement of collaboration	Payment term	Products and/or services purchased	Location
	(RMB in thousands)	(%)				
For the year ended December 31, 2025						
Supplier J[10] . .	30,399	11.8	2025	30 days	Machined parts	China
Supplier K[11] .	26,793	10.4	2022	Prepayment	Manufacturing equipment	China
Supplier L[12] .	8,458	3.3	2025	Payment upon delivery	Building construction service	China
Supplier M[13] .	6,513	2.5	2024	Prepayment	Manufacturing equipment	Switzerland
Supplier N[14] .	6,344	2.5	2024	30 days	Electromotor shell	China
Total	**78,507**	**30.5**				

(1) Supplier A is private company engaged in the manufacturing and sales of bearings, transmission components and automotive parts, with a registered capital of RMB54.5 million.

(2) Supplier B is a private company engaged in software development, general equipment manufacturing and repair, as well as the production and sales of industrial furnaces and environmental protection equipment, with a registered capital of RMB30.2 million.

(3) Supplier C is a private company specializing in the manufacture and sales of high-precision cylindrical grinders and CNC machine tools.

(4) Supplier D is a private company specializing in the trade of mold steel and other special steel materials and providing related technical services, with a registered capital of USD3.9 million.

(5) Supplier E is a private company specializing in the research, development and sales of mechanical equipment; the sales of machine tool functional components and accessories; and the sales of instruments and meters.

(6) Supplier F is a private company engaged in construction services for infrastructure, building, and electrical engineering, and trades construction materials, with a registered capital of RMB20.1 million.

(7) Supplier G is a private company engaged in the R&D and sales of mechanical equipment, CNC machine tools and provides related technical services, with a registered capital of RMB1.0 million.

(8) Supplier H is a private company engaged in the manufacturing and sales of cement products and building materials, with a registered capital of RMB25.0 million.

(9) Supplier I is a private company specializing in the production and sales of ready-mix concrete, asphalt concrete, cement blocks and sand aggregates, with a registered capital of RMB10.0 million.

(10) Supplier J is a private company specializing in the R&D, manufacturing and sales of intelligent and industrial robots, with a registered capital of RMB10.0 million.

(11) Supplier K is a private company primarily engaged in the manufacturing and sales of CNC machine tools and industrial robots, with a registered capital of RMB10.0 million.

(12) Supplier L is a private company licensed for construction engineering and residential interior decoration, with a registered capital of RMB16.9 million.

(13) Supplier M is a private company engaged in the development, production and sales of CNC grinding machines, along with aftersales and consulting services, with a registered capital of CHF1.0 million.

(14) Supplier N is a private company specializing in the processing and sales of mechanical parts and components and motor manufacturing, with a registered capital of RMB5.0 million.

To the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period were independent third parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers in each year during the Track Record Period.

We enter into framework agreements with our major suppliers and place purchase orders or processing orders on case-by-case basis. The following paragraphs set forth a summary of the salient terms of our framework agreements with suppliers.

- ***Term and termination***. The term for the framework agreement is typically two years. Parties may terminate the framework agreements in the event of a breach of contract.

- ***Prices***. The agreements generally do not specify quantity and price, which we set out in separate purchase orders.

- ***Payments***. The purchase orders set out specific payment terms depending on the type of products and/or services to be procured.

- ***Delivery***. The supplier is generally responsible for delivering the raw materials and/or components to our designated locations.

- ***Quality assurance***. Generally, our suppliers are required to meet our specified quality requirements and are responsible for defects resulting from suppliers' conduct.

- ***Minimum purchase commitment.*** We do not set a minimum purchase amount for our suppliers.

In addition, we enter into quality assurance agreements with certain suppliers to reinforce our quality control. Our Directors confirm that we had not experienced any material fluctuations in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers during the Track Record Period and up to the Latest Practicable Date.

OVERLAPPING MAJOR CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our major customers were also our suppliers. Customer F was also our supplier in each year of the Track Record Period, respectively, and they mainly provided us robot for our R&D purposes. In 2023, 2024 and 2025, our purchases from Customer F accounted for 0.53%, 0.95%, 0.02% of our total purchase amount, respectively. Customer G was also our supplier in each year of the Track Record Period, respectively, and they mainly supplied us reducers and encoders for our R&D purposes. In 2023, 2024 and 2025, our purchases from Customer G accounted for 0.06%, nil and nil of our total purchase amount, respectively.

We made occasional purchases from such overlapping customers and suppliers to test our product compatibility and assessing potential enhancement requirements, or because we supply products that they require, resulting in reciprocal transactions in the ordinary course of business. Negotiations of the terms of our sales to and purchases from such overlapping customers/suppliers were conducted on an individual basis, and the sales and purchases were neither inter-connected nor inter-conditional with each other. All of our sales to and purchases from such overlapping customers/suppliers were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions. Our Directors confirmed that, save as disclosed herein, none of our major customers was also a supplier, and vice versa, during the Track Record Period.

PRODUCTION

During the Track Record Period, we manufactured and produced our harmonic reducers and other precision components, joint modules and robotic arms products and automated workstations through our production facilities in Shaoxing, Zhejiang Province. Prior to the establishment of our production facility in 2025, we started self-production in 2013 in leased facilities in Shaoxing. Our production facility in Shaoxing, Zhejiang Province commenced operation in August 2025. In 2023, 2024 and 2025, our manufacturing overhead costs accounted for 39.8%, 34.3% and 21.1% of our total cost of sales, respectively. Our manufacturing overhead costs primarily include consumables, utilities, equipment maintenance expenses and depreciation. As of the Latest Practicable Date, we continued to collaborate with a number of manufacturing partners mainly for the production of certain production processes, such as forging and turning services for parts and components, while the remainder of the production process were primarily completed by our own production facility. Forging and turning services are preliminary processing stages that transform raw materials into semi-finished components, ensuring the structural integrity and dimensional foundations required for subsequent high-precision machining. There was no material delay in delivery of services by our manufacturing partners during the Track Record Period. In 2023, 2024 and 2025, our outsourced costs amounted to RMB2.6 million, RMB2.8 million and RMB3.6 million, respectively, accounting for 3.9%, 3.4% and 1.8% of our total cost of sales in the same respective periods.

We formulate production schedules and plans according to the market demand, taking into consideration the level of our stock and utilization rates of our production facility. We have implemented a set of internal production and operation policies to promote our compliance with applicable national and international industry standards. We carry out regular inspections to assess the conditions of our production facilities and conduct necessary repairs and maintenance. We have also introduced and implemented a stringent reporting system as to all the accidents and malfunction of the equipment and keep all the relevant records.

Production Equipment

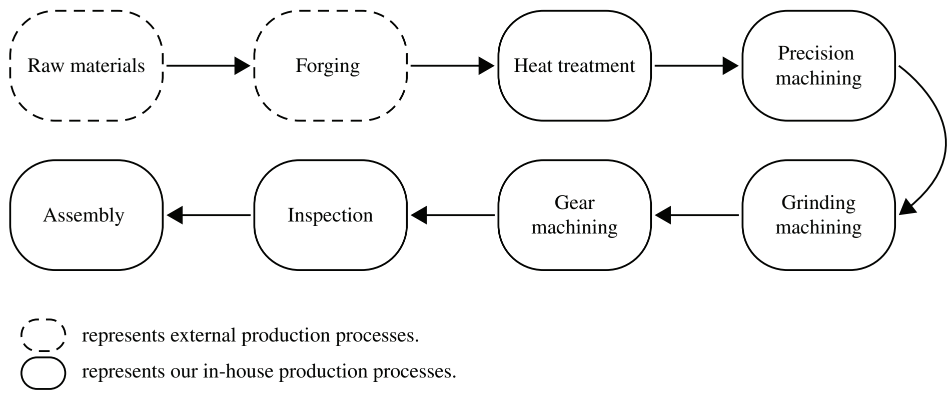
We are committed to staying at the forefront of technological advancements in production. By continuously introducing advanced manufacturing equipment and optimizing our production processes, we aim to enhance both product quality, production efficiency and cost competitiveness. To meet the growing demands for product performance, precision and delivery efficiency, we have made significant investments in advanced manufacturing equipment. These investments ensure that we continue to meet the stringent performance expectations of our customers.

Our major machinery and equipment are primarily sourced from leading manufacturers in China and Japan. Our production portfolio mainly consists of gear machining equipment precision machining equipment, heat treatment equipment and testing equipment. Our gear machining equipment precision machining equipment primarily includes gear shaping machines (插齒機), gear skiving machines (車齒機), gear hobbing machines (滾齒機), follow grinding machines (隨動磨床), as well as precision CNC lathes (精密數控車床). Our heat treatment equipment primarily includes roller-bar salt bath furnaces (輥棒式鹽浴爐) for quenching, tempering, normalizing and isothermal treatment, roller-hearth mesh belt furnaces (托輥式網帶爐) for quenching, tempering and normalizing treatment, pit furnaces for high-temperature tempering treatment and vacuum quenching furnaces for quenching treatment. In addition, our testing equipment primarily includes comprehensive performance test benches, gear measuring instruments, coordinate measuring machines and contour instruments. Leveraging these advanced manufacturing equipment, we are able to ensure the high precision, reliability and consistency of our products.

Production Process

We have set streamlined production processes to ensure the production efficiency and quality of our major products. Our production process is fully self-controlled and standardized across all stages. While the specifics vary slightly depending on the product type and industry application, the core manufacturing flow is built on a material preparation, assembly and inspection, thereby ensuring product standardization and reliability. We generally commence production upon receipt of customer orders.

The following diagram illustrates the principal steps of the production process generally applicable to harmonic reducer products. While the specifics vary slightly depending on the product type and industry application, the core manufacturing flow remained the same.



- ***Heat treatment stage***. This stage encompasses processes such as normalizing (正火), annealing (退火), quenching (淬火) and tempering (回火). Annealing and normalizing are processes that reduce the hardness and increase the toughness of forged materials, making the subsequent machining operations easier. In contrast, quenching and tempering enhance the material's hardness and endurance, ensuring the part meets the required working strength specifications. Different heat treatment processes are employed primarily to improve the material's mechanical properties and manufacturability.

- ***Precision machining stage***. After the heat treatment stage, we complete the part's transformation from rough stock to its formed shape, utilizing precision CNC lathes, machining centers, and other devices.

- ***Grinding machining stage***. It employs high-precision grinding wheels to grind the part's surface.

- ***Gear machining stage***. The core gear machining process for both flexspline and circular spline improves the accuracy of the gears, which is decisive for the operational performance of harmonic reducers.

- ***Inspection stage***. This stage includes precision inspection instruments such as coordinate measuring machines, gear measuring centers, roundness testers and contour measuring systems.

- ***Assembly stage***. Upon completion of the inspection stage, we adopt a standardized assembly line process, assembling individual precision components into finished products according to a predetermined sequence.

The production of our joint modules and robotic arms and automated workstations primarily include (1) material preparation and forming, (2) assembly, (3) quality inspection, and (4) performance testing. Finished products that have passed quality inspections are delivered by the logistics service providers from our own production facility directly to our customers or to our designated warehouses and ultimately to locations specified by our customers.

Production Facilities

The following table sets forth the key information of our production facility as of December 31, 2025.

Production Facility	Year of Commencement of Operation	Primary Products/Activities	Designed Annual Production Capacity	Total GFA
			(unit in thousands)	(m^2)
Shaoxing Production Facility	2025	R&D and production of harmonic reducers, joint modules and robotic arms and automated workstations	322.3(1)	47,147

(1) Representing the production capacity of our harmonic reducers in 2025. In December 2025, our designed monthly production capacity reached 39.6 thousand units.

We plan to further expand our production capacity in the next three years by acquiring more production-related equipment, including primarily gear processing equipment, generator ellipse machining equipment for specific production lines for harmonic reducers and other precision components. We also plan to develop new production facilities in Zhejiang Province. For details of our expansion plan, see "—Our Growth Strategies" and "Future Plans and Use of Proceeds—Use of Proceeds."

The following table sets forth details of designed production capacity, actual production volume and utilization rate of our production facilities during the Track Record Period.

	Year ended December 31,								
	2023			2024			2025		
	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)	Designed Production Capacity(1)	Actual Production Volume(2)	Utilization Rate(3)
	(Unit in thousand)		%	(Unit in thousand)		%	(Unit in thousand)		%
Leased Production Facility in Shaoxing(4)									
– Harmonic reducers . . .	161.3	132.1	81.9	167.0	149.5	89.5	145.9	135.7	93.0
– Joint modules . . .	3.0	0.5	17.2	3.3	1.7	52.7	6.3	3.7	58.9
– Robotic arms	–	–	–	0.8	0.1	6.3	0.5	0.1	14.8
Shaoxing Production Facility(4)									
– Harmonic reducers . . .	–	–	–	–	–	–	176.4	171.3	97.1
– Joint modules . . .	–	–	–	–	–	–	15.0	11.8	78.3
– Robotic arms	–	–	–	–	–	–	1.1	0.7	64.2

(1) Designed production capacity of harmonic reducers is calculated based on the standard hourly output volume of flexspline per production line (one of the core components in the production process of harmonic reducers), number of production lines and working hours. We calculate the designed production capacity for our joint modules, robotic arms and automated

workstations based on the maximum daily output of their respective assembly lines under full personnel deployment, assuming 24 operating days per month and 12 months per year.

(2) Production volume refers to actual output for the relevant year.

(3) The utilization rate is calculated by dividing production volume by the production capacity for the same year.

(4) Prior to the establishment of our Shaoxing Production Facility, we started self-production in 2013 in leased facilities in Shaoxing. Upon completion of our Shaoxing Production Facility, we relocated and consolidated our existing production equipment into the Shaoxing Production Facility, which commenced its operation in August 2025. We stopped our production of harmonic reducers, joint modules and robotic arms and automated workstations in the leased production facility in Shaoxing in July 2025. Therefore, the designed production capacity, actual production volume and utilization rate of the leased production facility in Shaoxing for 2025 mainly reflect the data for the seven months ended July 31, 2025, whereas the corresponding figures for the Shaoxing Production Facility reflect the data for the five months ended December 31, 2025.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material or prolonged stoppage of production due to equipment failure, and we had not experienced any material accidents during our manufacturing process.

LOGISTICS AND INVENTORY MANAGEMENT

We leverage on our own warehouse for storing work-in-progress, finished products and certain components and raw materials, and we engage third-party logistics service providers for delivery services. We enforce rigorous transportation standards and consistently evaluate their performance to ensure compliance, maintain accountability and achieve efficient, reliable product delivery. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay or inappropriate handling of goods that materially and adversely affected our business operations.

The salient terms of agreements with third-party logistics service providers are set out below.

- ***Term and termination***. The term for the third-party logistics service agreement is typically one year. Parties may terminate the agreement upon mutual agreement.

- ***Scope of service***. The service provider is responsible for delivering items to the designated recipient/address on time and provide pickup, transit, delivery and tracking services.

- ***Payment***. We pay the corresponding service fees monthly based on the invoice.

- ***Risk allocation***. Once we or our designated recipient confirms receipt of the consigned items, the risk of damage, loss or shortage of such items shall be transferred to us or our designated recipient.

Our inventory consists of raw materials, work-in-progress items, finished goods and goods in transit. We currently have two warehouses located in Shaoxing, Zhejiang Province with an aggregate gross floor area of 5,152 sq.m, respectively. We primarily store finished goods at our warehouses. As of December 31, 2023 and 2024 and 2025, our inventories were RMB74.3 million, RMB86.9 million and RMB111.5 million, respectively. We regularly evaluate our stock with reference to historical production and sales data, sales forecast and market forecast.

QUALITY CONTROL

Product quality is critical to our sustainable success, and we have placed great emphasis on quality assurance. As such, we are committed to developing and producing high quality products in compliance with international and applicable domestic standards, regulations and directives. We have designed and implemented stringent monitoring and quality control systems to manage our operations. We have established a dedicated quality control department within our organization to manage our quality control system, ensure the quality of our suppliers, customers and R&D activities, execute and oversee the reliability and failure analysis of our products.

Our warranty term is usually 12 months, and applies only to limited circumstances, such as defects or failure of products or services that do not meet the quality standards as specified and agreed with our customers. In case of product failure within the warranty period, we will arrange for repair or replacement of products and/or services without extra charge. After the warranty period expires, we may provide maintenance and repair services at a reasonable cost. For details of our product return and exchange policies with distributors, see "—Sales and Marketing—Our Sales Arrangement—Sales through Distributors." During the Track Record Period, we did not record any provision for the potential warranty expenses.

During the Track Record Period and up to the Latest Practicable Date, (1) we had not received any material complaints relating to product quality; (2) we had not experienced any material product returns, refunds or recalls; (3) we had not been involved in any material incidents or been subject to any material claims, proceedings or liabilities concerning safety issues of our products.

PATH TO PROFITABILITY

Our business expansion during the Track Record Period was primarily driven by the production and sales of our harmonic reducers, and joint modules and robotic arms. We are still at the relatively early stage with respect to our joint modules and robotic arms, and automated workstations, which commenced revenue generation in 2023 and 2025, respectively. We have historically achieved continuous revenue growth as we successfully deepened the specialization of our existing product portfolio, and developed and launched new products during the Track Record Period. Our proactive endeavors in product commercialization and market expansion have contributed to our revenue growth during the Track Record Period. Our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million in 2023, 2024 and 2025, respectively. Our revenue generated from sales of harmonic reducers and other components amounted to RMB92.5 million, RMB103.4 million and RMB167.1 million, accounting for 97.8%, 96.0% and 64.1% of our total revenue in the same respective periods. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source.

We were in a loss-making and negative equity position during the Track Record Period, with accumulated losses amounting to RMB372.8 million as of January 1, 2023. This was primarily attributable to the following factors:

- ***Relative market growth.*** Historically, harmonic reducers were primarily used in traditional industrial robots including multi-joint and SCARA robots, resulting in limited application scenarios and constrained market size. In addition, the market was reluctant to switch to new domestic suppliers due to lengthy integration work and long validation cycles.

- ***Significant R&D investments.*** We have been continuously developing more advanced technologies and iterating our products to adapt to expanding application scenarios beyond industrial robots. Each generation of improvements required deeper engineering, more extensive testing and longer validation efforts. These cumulative R&D expenditures, while essential for building our long-term competitiveness, weighed heavily on our profitability.

- ***Historical dominance by international brands.*** In the early stage, established international brands dominated the domestic market, and the robotics supply chain remained heavily reliant on imported components, making domestic robot manufacturers reluctant to switch to an unproven domestic supplier.

- ***Non-operating redemption liabilities.*** Our negative equity position was also significantly impacted by initial recognition and subsequent measurement of redemption liabilities, which will be converted into equity of our Company upon Listing.

We believe our financial position will improve going forward, based on the following factors:

- ***Accelerated domestic substitution.*** We are now benefiting from accelerated domestic substitution driven by our cost advantages, comparable quality and shorter lead times compared to international brands. As domestic robot manufacturers increasingly recognize the reliability and performance of our harmonic reducers, they are progressively shifting away from traditional international suppliers. This trend has been further reinforced by supply chain localization initiatives and the growing emphasis on supply chain security among domestic manufacturers. We expect our market share to continue expanding as more customers adopt our products as their primary choice, replacing previously imported alternatives.

- ***Growing brand recognition.*** As more domestic robot manufacturers adopt our products, our brand recognition has been steadily increasing. In the early stages, we faced significant challenges in gaining customer trust due to the dominance of established international names. However, through years of consistent product quality, reliable delivery and responsive technical support, we have built a solid reputation in the industry. This growing brand recognition not only reduces customer acquisition costs but also enables us to achieve better operating leverage and improved margins as we scale our production volumes.

- ***Downstream industry growth.*** According to the CIC Report, the shipment volume of harmonic reducers for robotics applications in China is expected to grow from approximately 1.4 million units in 2025 to approximately 20.7 million units in 2030, representing a CAGR of approximately 72.4%, driven particularly by growing demand from the humanoid robot industry and other emerging application scenarios. Within industrial robotics applications, in addition to traditional multi-joint and SCARA robots, harmonic reducers are increasingly being adopted in collaborative robots. This rapid market expansion provides us with a significant growth runway. We are well-positioned to capture this market opportunity through our established production capabilities, technical expertise and customer relationships.

- ***Product optimization and cost efficiency.*** We will continue to refine our products and improve manufacturing processes to reduce per-unit costs and enhance our competitive position. Our ongoing R&D efforts focus on improving product performance metrics such as precision, service life and transmission efficiency, while simultaneously reducing material and manufacturing costs. We are also exploring alternative materials and advanced manufacturing techniques, such as improved heat treatment processes and precision machining methods, to further lower production costs. These initiatives are expected to gradually improve our gross margins as we scale up production.

Additionally, we recorded net loss during the Track Record Period. We recorded loss for the year of RMB168.8 million, RMB168.8 million and RMB170.6 million in 2023, 2024 and 2025, respectively. In addition to the reasons discussed above, our net loss during the Track Record Period was primarily attributable to the following factors: (1) our continuous R&D efforts, which led to research and development expenses of RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025, respectively, representing 33.5%, 30.9% and 18.9% of our revenue for the same respective periods; and (2) the change in the carrying amount of redemption liabilities of RMB145.1 million in 2023, 2024 and 2025, respectively. After adjusting (1) listing expense; (2) change in the carrying amount of redemption liabilities; and (3) equity-settled share-based payments expenses, our adjusted net loss (non-IFRS measure) was RMB23.7 million, RMB23.7 million and RMB8.9 million in 2023, 2024 and

2025, respectively. After adjusting (1) finance costs, (2) depreciation charge of property, plant and equipment and right-of-use assets, (3) amortization cost of intangible assets, and (4) interest income on deposits, our EBITDA (non-IFRS measure) was negative RMB149.3 million, negative RMB148.1 million and negative RMB144.8 million for the same respective periods. After further adjusting (1) listing expenses, (2) change in the carrying amount of redemption liabilities, and (3) equity-settled share-based payments expenses, our adjusted EBITDA (non-IFRS measure) was negative RMB4.3 million, negative RMB3.2 million and RMB16.9 million for the same respective periods.

Driving Our Revenue Growth

Our future revenue growth will be supported by the following drivers:

- ***Industry Demand Tailwinds.*** The downstream robotics industry, particularly in humanoid robots, is experiencing explosive growth. The sustained expansion in market demand for core precision transmission components provides broad scope for revenue growth. We will continue to deepen our existing business, achieving continuous expansion in current applications and customer base. The specific industry driving factors for revenue growth are detailed as below:

  – **Humanoid robots drive explosive growth.** The humanoid robot market is at an inflection point of explosive growth, with a growth rate significantly higher than other robotics segmental markets. Leveraging human-like morphology and mobility, humanoid robots possess the core advantages of versatility and task generalization capability, enabling them to perform complex tasks in unstructured environments, thereby breaking through the limitations of traditional robotics applications. With the continuous maturation of embodied intelligence technology and the gradual optimization of supply chain costs, humanoid robots are progressively achieving scaled commercial deployment. The market shipments of humanoid robots are expected to grow from 15.2 thousand units in 2025 to 1.1 million units in 2030 at a CAGR of 133.8% from 2025 to 2030, according to the CIC Report. Harmonic reducers are core transmission components in humanoid robots and are typically deployed across multiple high-load and high-precision joints. As a result, humanoid robots are expected to become the largest incremental demand source for harmonic reducers. According to the CIC Report, shipments of harmonic reducers applied in robotics in China are expected to increase from 1.3 million units in 2025 to 20.7 million units in 2030, at a CAGR of 72.4% from 2025 to 2030, with those applied in humanoid robots expected to increase from 0.2 million units in 2025 to 17.0 million units in 2030 at a CAGR of 156.9%. To capture market opportunities amid increasing competition, we have developed and upgraded our harmonic reducers to address the complex requirements of humanoid robots. Compared with general robotics applications, humanoid robots impose more stringent requirements on the weight of harmonic reducers. We use magnesium alloy for key structural components, which is lighter than traditional aluminum alloys and effectively reduces the overall weight of the reducers. In addition, to better meet the differentiated needs of various humanoid robot joints, such as neck joints, we have optimized the linkage design to reduce the overall outer diameter. These targeted technological enhancements have enabled us to build meaningful technical barriers and differentiate our products from those of competitors. As of April 30, 2026, we maintained a substantial backlog order from humanoid manufacturers with the amount exceeding RMB21.0 million.

  – **Capturing scaled demand through technological advancement**. The harmonic reducer industry is characterized by high technological barriers, as harmonic reducers are required to meet stringent performance standards in areas such as service life, transmission accuracy and efficiency, rigidity, temperature rise and noise control. In particular, the development and mass production of harmonic reducers require long-term accumulation of know-how in tooth profile design, material selection, heat treatment process, precision machining and assembly control, and any deficiencies in these areas may result in accelerated wear, performance instability or accuracy degradation, thereby limiting their application in advanced robotics systems. As a result, only a limited number of manufacturers are capable of achieving stable mass production with consistent quality, and industry leaders are therefore better positioned to capture incremental market opportunities as downstream robotics applications continue to expand. Driven by considerations of cost efficiency, supply chain stability and performance alignment, robotics manufacturers, in particular humanoid robot manufacturers, are increasingly adopting domestically produced harmonic reducers, while their supplier selection criteria are also shifting towards delivery reliability, cost control and scalable production capabilities. Leveraging our established technological capabilities, vertically integrated manufacturing platform and proven mass production experience, we believe we are well positioned to benefit from this industry trend and to maintain a sustainable cost-performance advantage. In the future, we plan to further strengthen our technological advantages and product competitiveness of our products by establishing a new R&D center in Zhejiang Province, focusing on product iteration, production process upgrades and software support. See "—Our Growth Strategies" and "Future Plans and Use of Proceeds—Use of Proceeds."

- ***Product Portfolio Expansion.*** We offer a product portfolio to address various customer demand. We develop our products in a synergistic manner, with harmonic reducers serving as the core component, and joint modules, robotic arms and automated workstations extending our value proposition toward various applications. Our joint modules and robotic arms, and automated workstations, which commenced revenue generation in 2023 and 2025, respectively, are at the relatively early stage of commercialization and are gradually contributing to our revenue growth. We plan to enrich our product portfolio and broaden our application scenarios by introducing more model variants of harmonic reducers, which can further sharpen our overall product competitiveness and adapt swiftly to evolving industry demands, providing a strategic foundation to increase the ASP for our products in the long run. For instance, to better address the growing demand from the humanoid robotics sector, we launched a double-circular-spline harmonic reducer in 2025. This product is a compact transmission reducer specifically designed for humanoid robot applications. The double circular spline design enables a more compact and ultra-thin form factor while maintaining high transmission accuracy and mechanical strength. As of the Latest Practicable Date, our double-circular-spline harmonic reducers had achieved commercialization. However, we were still at a relatively early stage of production scale-up. See "—Our Growth Strategies" and "Future Plans and Use of Proceeds—Use of Proceeds."

- ***Proactive Expansion of Production Capacity***. In anticipation of future growth in downstream demand, we proactively expanded our production capacity during the Track Record Period. The total designed production capacity of our harmonic reducers increased from 161.3 thousand units in 2023 to 322.3 thousand units in 2025, reflecting our forward-looking capacity planning. Such capacity expansion enables us to effectively support higher order volumes and capture incremental demand as robotics applications continue to scale, which are crucial for us to secure market position and drive up revenue growth. As a result of our well-planned capacity expansion, our revenue generated from sales of harmonic reducers and other precision components increased by 80.7% from RMB92.5 million in 2023 to RMB167.1 million in 2025. We plan to further expand our production capacity on a phased basis, with a focus on releasing capacity for our major products to meet increasing demand from humanoid and industrial robotics applications. We plan to utilize 55.0% of the net proceeds from the Global Offering for production facility expansion, in which we plan to expand our production capacity by procuring more production equipment and establishing a new production facility in Zhejiang province, with a designed annual production capacity of 800.0 thousand units of harmonic reducers. In addition, we intend to enhance automation level of our production lines. Such upgrades can enable us to dynamically adjust our capacity structure in response to changes in market demand, and optimize production layout and resource allocation. See "— Our Growth Strategies" and "Future Plans and Use of Proceeds—Use of Proceeds." Through these measures, we aim to maintain a balanced and flexible relationship between capacity utilization and order volume, thereby supporting sustainable long-term growth.

- ***Customer Order Fulfillment.*** We have accumulated a diversified customer base in both humanoid and industrial robotics fields. Most of our products have progressed from R&D finalization to mass production and we have been able to convert customer validation into recurring orders. As of December 31, 2025, we maintained a substantial backlog order, with the amount exceeding RMB200 million. As of April 30, 2026, we held orders for approximately (1) 344.2 thousand units of harmonic reducers (with a value of RMB233.0 million), comprising 87.9 thousand units of cup-type harmonic reducers (with a value of RMB48.3 million), 255.6 thousand units of hat-type harmonic reducers (with a value of RMB184.2 million), and 0.7 thousand units of double-circular-spline harmonic reducers (with a value of RMB0.5 million); (2) 3.0 thousand units of joint modules (with a value of RMB12.7 million), comprising 0.7 thousand units of high-voltage joint modules (with a value of RMB7.2 million) and 2.3 thousand units of low-voltage joint modules (with a value of RMB5.5 million); (3) 1.1 thousand units of robotic arms (with a value of RMB34.7 million); and (4) 10 units of automated workstations (with a value of RMB4.4 million). As of the same date, we had indicative demand supported by letters of intention for approximately (1) 112.0 thousand units of harmonic reducers, with a value of RMB61.5 million; (2) 7.0 thousand units of joint modules, with a value of RMB29.5 million; and (3) 0.4 thousand units of robotic arms, with a value of RMB10.0 million. Repeat purchases from existing customers, together with our proven track record of new customer acquisition, are forming a stable and growing revenue pipeline. In 2023, 2024 and 2025, we acquired 235, 186 and 179 direct sales customers, respectively, and our net dollar retention rate of direct sales customers amounted were above 80% during the Track Record Period. We believe our ability to fulfill orders at scale, while maintaining product standardization and delivery reliability, will continue to support sustainable revenue growth from both of our existing and new customers.

Improving Our Gross Margin

- ***Economies of Scale.*** As our order volume continues to grow we aim to further improve our capacity utilization. Accordingly, the fixed costs associated with production facilities, equipment depreciation and personnel are expected to be diluted. This will result in a declining proportion of fixed costs per unit, thereby reducing marginal production costs. As a result, we expect our gross margin to improve gradually as our business scale expands.

- ***Continuous Optimization of Production Processes.*** We plan to continue to carry out technological upgrades and process improvements for our harmonic reducers, including enhancements in tooth profile design, material selection, heat treatment processes and precision machining. Furthermore, we will enhance automated manufacturing and invest in the development of high-precision, high-flexibility automation technologies. By introducing automated clamping and positioning techniques to replace manual assembly, we aim to reduce errors caused by human operation. See "—Our Growth Strategies." These initiatives are expected to improve product standardization, yield rates and production efficiency. Through ongoing product iteration and manufacturing optimization, we also aim to continuously enhance product performance and reliability. We believe such continuous optimization will contribute to a structurally higher gross margin over time.

- ***Enhancement of Supply Chain.*** As our procurement scale increases alongside the expansion of our production and sales volumes, we expect to enhance our bargaining power with upstream suppliers and secure more favorable procurement terms. Such supply chain optimization is expected to support more stable raw material supply, improve cost efficiency and mitigate input cost volatility, thereby contributing to margin improvement and operating leverage over time.

Enhancing Operational Efficiency

Going forward, we expect our operating expenses to be managed in an efficient and balanced manner through precise control and organizational leverage, as follows:

- ***Administrative Expenses.*** As our business scale continues to expand, we expect our fixed administrative expenses to be diluted over a larger revenue base. In 2023, 2024 and 2025, our administrative expenses were RMB18.2 million, RMB16.1 million and RMB29.9 million, respectively, representing 19.3%, 14.9% and 11.5% of our revenue for the same periods, respectively. Our office expenses and business development fees recognized under administrative expenses decreased from RMB1.9 million in 2023 to RMB1.3 million in 2025, primarily due to our optimization of office expenditure to improve operational efficiency. See "Financial Information—Period to Period Comparison of Results of Operations." More specifically, we utilize digital systems to automate administrative workflows. We have built internal digital systems and established a digital supplier portal to facilitate communication and coordination with our business partners. In addition, we use business intelligence tools to support routine operational tracking, which has improved our overall operational efficiency. We will continue to optimize internal office processes, streamline redundant expenditures and enhance overall operational efficiency, with the objective of gradually reducing our administrative expense ratio. In particular, we plan to deploy information management system to support process optimization and strengthen internal coordination. We will also maintain stringent expense management policies, including budget setting and execution monitoring, to ensure disciplined control over administrative spending while supporting business growth.

- ***Selling and Marketing Expenses.*** We have established strong brand recognition and stable sales channels within the robotics industry, supported by long-term relationships with leading customers and accumulated industry know-how. These factors enhance sales efficiency and reduce incremental selling and marketing expenses associated with customer acquisition and order conversion. Our selling and marketing expenses as a percentage of our revenue decreased from 6.6% in 2023 to 3.5% in 2025. Going forward, we intend to focus on improving the conversion efficiency of existing sales channels, thereby lowering selling and marketing expenses as a percentage of revenue. We plan to deepen collaboration with international partners to jointly expand global market share through complementary production capacities, with the strategic aim of steadily increasing the contribution from our overseas business. See "—Our Growth Strategies." While the development of overseas sales channels may result in additional selling expenses in the short term, we expect such increases to be gradually offset by revenue growth from international markets as overseas operations scale up.

- ***Research and Development Expenses.*** We expect to continue to devote significant resources to our R&D efforts. We expect to incur significant upcoming research and development expenses as we plan to use 20.0% of the net proceeds from the Global Offering for the enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios, particularly for harmonic reducers. See "Future Plans and Use of

Proceeds—Use of Proceeds." While we plan to continue to invest in R&D as a core driver of our long-term competitiveness, we expect our research and development expense ratio to decline over time as revenue scale expands. In 2023, 2024 and 2025, our research and development expenses were RMB31.7 million, RMB33.3 million and RMB49.2 million, respectively, representing 33.5%, 30.9% and 18.9% of our revenue for the same periods, respectively. Leveraging our accumulated technical expertise, process optimization capabilities and close collaboration with leading robotics manufacturers, we aim to align R&D activities more precisely with market demand. In addition, ongoing technological accumulation and manufacturing process improvements are expected to enhance R&D efficiency, shorten development cycles and improve the conversion of R&D outcomes into commercialized products. Through these measures, we seek to reduce ineffective investment and achieve more efficient utilization of R&D expenditures.

Improving Operating Cash Flow

We recorded net cash used in operating activities of RMB35.2 million, RMB33.7 million and RMB63.4 million in 2023, 2024 and 2025, respectively. See "Financial Information—Liquidity and Capital Resources—Cash Flows." As our revenue scale continues to expand, together with anticipated gross margin improvement and disciplined operating expense, we expect to generate operating cash inflows. At the same time, we intend to further optimize working capital management. In light of our improving competitive position and strengthened bargaining power across the industry value chain, we expect inventory turnover efficiency and accounts receivable cycles to improve, thereby enhancing the quality and sustainability of our operating cash flows.

We expect our revenue to further increase with growing downstream demand for harmonic reducers, supported by our production capacity expansion. We expect our gross profit margin to continue to improve, underpinned by achievement of economies of scale that dilute fixed costs and cost control initiatives, including bill of materials optimization, improved bargaining power with suppliers and the refinement of production processes and workflows. Improved operating leverage from a lower operating expense-to-revenue ratio will further enhance our profitability. With improvements in gross profit margin and operating leverage, we expect to achieve net profit breakeven and operating cash flow breakeven within next two years.

EMPLOYEES

As of December 31, 2025, we had 574 employees. Most of our employees are located at our headquarters in Shaoxing, Zhejiang province. The following table sets forth a breakdown of our employees by function as of December 31, 2025.

	Number of employees
Research and development	126
General administration and management	29
Sales and procurement	21
Production and quality control	398
Total	574

Our success deeply rests with our ability to attract, retain and motivate qualified talents, with the belief that our high-quality talent pool is one of our core strengths and competitive advantages. We recruit talents, with high standards and rigorous procedures and through various methods, including online recruitment, internal referrals, and third-party recruiters, to select the best-fit personnel for the corresponding positions in response to various talent demands. We offer competitive remuneration package to our employees, which are generally based on their qualifications, industry experience, position and performance. We regularly evaluate the performance of our employees and reward well-performing employees with bonus and promotion. In addition, we provide training programs to our employees, including corporate-wide and department-specific training to improve their professional knowledge and management skills and keep abreast with market developments.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, non-compete arrangements and grounds for termination. In addition, we generally enter into standard confidentiality agreements with our key employees. As required under PRC laws and regulations, we participate in and make contributions to social insurance, including pension, medical, maternity, work-related injury and unemployment and housing provident fund. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. See "Risk Factors—Risks Relating to Our General Operations and Industry—We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business, results of operations and financial condition."

We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations.

However, in line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster could have a material adverse effect on our results of operations. For details, see "Risk Factors—Risks Relating to Our General Operations and Industry—The insurance coverage we have may not adequately protect us against all operating risks."

PROPERTIES

As of the Latest Practicable Date, we operated our businesses through one owned property with a floor area of approximately 47,147 square meters and five leased properties in Zhejiang Province, Jiangsu Province, Guangdong Province and Chongqing, with a total gross floor area of approximately 1,377 square meters. All such properties have been used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are primarily used as office premises for our business operations. Our lease agreements in respect of the abovementioned five leased properties generally have expiration dates ranging from November 2026 to December 2028. We plan to renew our leases or negotiate new terms when the existing leases expire. All lessors are independent third parties. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing

Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus 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 our Group's interests in land or buildings.

LICENSES, APPROVALS AND PERMITS

We are required to maintain various licenses, permits and approvals in order to operate our business. We continually monitor our compliance with the requirements related to licenses, permits and approvals in order to ensure that we have all such licenses, permits and approvals which are necessary to operate our business. Our PRC Legal Advisor have advised us that during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect.

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/permit/approval	Holder	Granting authority	Grant date	Expiry date
High-tech Enterprise Certificate	Our Company	Department of Science and Technology of Zhejiang Province, Department of Finance of Zhejiang Province, State Taxation Administration Zhejiang Provincial Taxation Bureau	December 8, 2023	December 7, 2026
Registration Certificate for Stationary Pollution Sources Discharge (固定污染源排污登記憑證)	Our Company	N/A	June 17, 2025	June 16, 2030
Registration Form for Foreign Trade Operators	Our Company	N/A	December 9, 2021	N/A
Registration Certificate for Importers and Exporters of Goods	Our Company	Shaoxing Customs, Xinsheng Office	May 2, 2018	December 31, 2099

(1) "N/A" represents certificates that do not have an expiration date and will remain valid unless revoked.

AWARDS AND RECOGNITIONS

Up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Awards and Recognition	Awarding Parties	Year of Award
National-level "Little Giant" Enterprise (國家級小巨人企業)	MIIT	2025
The Second Batch of National-level Key "Little Giant" Enterprises (國家級第二批重點小巨人企業)	MIIT	2025
Zhejiang Laifu High-Precision Harmonic Drive Enterprise Research Institute (浙江省來福高精度諧波減速速器企業研究院)	Economy and Information Technology Department of Zhejiang Province	2024
National High-tech Enterprise (國家級高新技術企業)	Department of Science and Technology of Zhejiang, Department of Finance of Zhejiang, Taxation Service of Zhejiang, State Taxation Administration	2023
Excellent Award, 8th China "Chuang Qingchun" Innovation and Entrepreneurship Competition (第八屆中國"創青春"創新型創業大賽優秀獎)	National Organizing Committee of the 8th China "Chuang Qingchun" Chinese Youth Innovation and Entrepreneurship Competition	2021
Gold Award, 2021 Zhejiang Provincial "Chuang Qingchun" Innovation and Entrepreneurship Competition (2021年浙江省"創青春"創新型創業大賽金獎)	Zhejiang Provincial Economy and Information Technology Commission	2021
Zhejiang Provincial "Entrepreneurship Star" for Small and Micro Enterprises (2017) (2017年度浙江省小微企業創業之星)	Zhejiang Provincial Economy and Information Technology Commission	2018
Zhejiang Provincial Science and Technology-based Small and Medium-sized Enterprises (浙江省科技型中小企業)	Department of Science and Technology of Zhejiang	2018
"2018 China Industrial Robot Components" Innovation Product Award ("2018中國工業機器人零部件"創新產品獎)	MIIT	2018

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We have been and may from time to time continue to be, a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of the Directors which could have a material and adverse effect on our financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings against us or any of the Directors which had caused a material and adverse effect on our business, results of operations or financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition. We have implemented policies and procedures for legal compliance. Our Board oversees and manages the overall risks associated with our operations. See "—Internal Control and Risk Management—Risk Management." As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations in all material respects.

Social security premiums and housing provident funds

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. See "—Employees." We estimate that the accumulated shortfall of social insurance and housing provident fund contributions in 2023, 2024 and 2025 was approximately RMB1.5 million, RMB2.6 million and RMB3.6 million, respectively, which we believe would not have a material adverse effect on our business. As advised by our PRC Legal Advisor, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance, with a maximum potential penalty of RMB19.5 million. In addition, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, the relevant housing provident fund authority may apply to a PRC court for an order of mandatory payment.

During the Track Record Period, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our social insurance or housing provident fund contributions. In addition, we did not receive any notice from judicial or administrative authorities on any material claim from our current and former employees regarding any inadequate contributions. As advised by our PRC Legal Advisor, in the absence of any material employee claims and significant changes in the current policies, regulations, regulatory practices and implementation requirements regarding social insurance and housing fund contributions, the likelihood that we would be required by the relevant authorities to pay the shortfall and the late fees for social insurance and housing provident fund contributions and/or be subject to material administrative penalties due to failure to make full contributions is remote, based on the fact that (1) we have obtained confirmations from the relevant competent government authorities, confirming that no administrative penalty was imposed on us in relation to our social insurance and housing provident fund contributions during the Track Record Period; (2) during the Track Record Period, we had not received any administrative penalty in relation to social insurance and housing provident fund contributions nor any notifications from the relevant competent government authorities requiring us to pay the shortfalls; (3) we were not aware of any material employee complaints or claims with respect to inadequate social insurance and/or housing provident fund contributions; and (4) we undertake that, in the event that competent government authorities require us to make contributions within a stipulated time period or make supplementary contributions and late fees, we will duly comply in a timely manner. As a result, we did not make any provisions in connection with the foregoing incident during the Track Record Period and up to the Latest Practicable Date.

Based on the above, as advised by our PRC Legal Advisor, our Directors are of the view that the abovementioned incidents would not have any material and adverse impact on our business, financial condition or results of operations.

Non-registration of lease agreements

As of the Latest Practicable Date, we operated our businesses through four leased properties in Zhejiang Province, Jiangsu Province, Guangdong Province and Chongqing, with a total gross floor area of approximately 1,377 square meters. See "—Properties." Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. As of the Latest Practicable Date, we had not obtained lease registration for four of our leased properties in China. As of the Latest Practicable Date, with respect to the latest status of the four lease agreements we failed to register, they have expiration dates ranging from November 2026 to December 2028. Our Directors confirmed that, as advised by CIC, there are sufficient alternative premises available in the market. We will be able to secure alternative premises at reasonable prices without additional costs. Therefore, our Directors are of the view that any relocation will not cause a material disruption to our operations. We will take all practicable and reasonable steps to ensure that such leases are registered. According to the relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. We believe that the non-registration of lease agreements would not, individually or in the aggregate, materially affect our business and results of operations, primarily because, as advised by our PRC Legal Advisor, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements, according to applicable PRC laws and regulations as of the Latest Practicable Date.

Based on the above, as advised by our PRC Legal Advisor, our Directors are of the view that the abovementioned incidents would not have any material and adverse impact on our business, financial condition or results of operations.

TRADE RESTRICTIONS, TARIFF POLICIES AND INTERNATIONAL SANCTIONS

As our business footprint spans a number of overseas markets, export controls, tariff measures and economic sanctions may impose certain restrictions on our operations.

Export Controls. The Bureau of Industry and Security ("BIS") of the U.S. Department of Commerce administers export controls under the Export Administration Regulations (the "EAR"), under which items subject to the EAR may require a license for export, re-export or transfer to certain jurisdictions, designated entities or for restricted end uses.

Our products are developed and manufactured in the PRC. They are not of U.S. origin and do not fall within the scope of the *De Minimis* Rule or the Foreign Direct Product Rule under the EAR. Accordingly, our products are not subject to the EAR and their export does not require a licence under applicable U.S. export control laws and regulations.

In terms of the indirect impact from a supply chain perspective, we have only procured a limited amount of commercially available U.S.-origin software which is not controlled under the EAR. During the Track Record Period, we procured AutoCAD software from Autodesk with a transaction amount of RMB0.4 million. Our raw materials and production equipment are not subject to U.S. export control restrictions. Our research, development and production activities are not constrained by U.S. export controls and have not been disrupted as a result thereof. Based on the foregoing, our Directors, based on the advice of our International Sanctions Legal Advisor, are of the view that export control laws and regulations administered by the BIS do not have any material adverse impact on our business operations and financial performance.

Tariffs. U.S. tariff policies have been subject to relatively frequent adjustments, often through the imposition of additional duties to achieve specific policy objectives. Following several rounds of external negotiations and domestic policy adjustments, the additional tariffs currently in effect have been reduced to a relatively low level. The United States is not one of our principal export markets and revenue generated from the U.S. market accounted for only a negligible proportion of our total revenue, with revenue generated from the customers located in the United States accounting for approximately 0.43%, 0.67% and 0.44% of our revenue in 2023, 2024 and 2025, respectively. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material indirect impact arising from changes in U.S. tariff policies, nor had we encountered any reduction or adjustment in procurement from our downstream customers or end users due to tariff changes. Our major customers do not maintain a strong presence within the U.S. market. Accordingly, our Directors, based on the advice of our International Sanctions Legal Advisor, are of the view that U.S. tariff policies do not have any material adverse impact on our business operations and financial performance.

International Sanctions. During the Track Record Period, we did not engage in any transactions with embargoed or comprehensively sanctioned jurisdictions. We only conducted extremely limited transactions involving several designated entities. Specifically, we sold our harmonic reducers (including ancillary products such as lubricants) to five restricted customers. The sanctions lists or measures applicable to these customers include: (1) U.S. BIS Entity List; (2) U.S. OFAC SDN List sanctions applicable to subsidiaries; (3) Japan METI End User List; and (4) Ukraine NSDC Special Economic and Other Restrictive Measures. The aggregate transaction amounts for such sales in 2023, 2024 and 2025 were RMB1.3 million, RMB2.0 million and RMB1.0 million, respectively. We had terminated our transactions with these customers in February, May and December 2023, and in September and November 2025, respectively. Taking into account that (1) with respect to the U.S. BIS Entity List, the relevant products sold by us were developed and manufactured in the PRC without the use of U.S.-origin materials or controlled U.S.-origin technology, and were not subject to the EAR; (2) with respect to the U.S. OFAC SDN List sanctions applicable to subsidiaries, the relevant transactions did not involve U.S. persons, U.S. financial institutions, U.S.-origin items, U.S. dollar clearing or any other U.S. nexus that would trigger U.S. primary sanctions, and, considering the nature of the products, the relatively limited transaction amounts and our subsequent cessation of such activities, such transactions are not expected to give rise to material secondary sanctions risks; and (3) with respect to the Japan METI End User List and Ukraine NSDC Special Economic and Other Restrictive Measures, such measures do not impose applicable obligations on us in respect of the relevant transactions, our Directors, based on the advice of our International Sanctions Legal Advisor, are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any activity that would violate applicable international sanctions laws and regulations, and that applicable international sanctions laws and regulations, including any secondary sanctions risks arising from the relevant transactions, do not have any material adverse impact on our business operations and financial performance. In addition, as our procurement and sales do not rely on sanctioned counterparties, our supply chain and sales activities have not been materially affected by international sanctions.

Based on the foregoing and the advice of our International Sanctions Legal Advisor, our Directors are of the view that the prevailing trade restrictions, tariff measures and international sanctions have not had a material risk on our business operations or financial performance and will not affect our Global Offering. Furthermore, given that (1) our business does not fall within industries typically regarded as highly sanctions-sensitive; and (2) our supply chain and sales network do not rely on jurisdictions such as the United States, which are more prone to adopting trade restrictive measures (including sanctions, export controls and tariffs), our Directors, as advised by our International Sanctions Legal Advisor, are of the view that it is unlikely that such trade restrictions, tariff measures and international sanctions to have a material risk on our future business operations and financial performance.

Based on the due diligence conducted (including reviewing the internal control measures, reviewing the sanctions memorandum and considering the view of the International Sanctions Legal Advisor as to the sanctions risk) nothing has come to the attention of the Sole Sponsor that would cause it to cast doubt on the view of the Directors.

Sanction and Export Control Compliance Measures

To monitor regulatory developments and to mitigate potential risks associated with international sanctions and export controls, we have implemented, and continues to enhance, the following compliance measures:

Compliance Committee. We have established a dedicated compliance committee led by senior management. The committee is responsible for reviewing transactions presenting potential sanctions risks, exercising final decision-making authority on transaction execution, approving compliance policies and procedures, and overseeing the implementation and effectiveness of our overall compliance framework.

Counterparty Screening Controls. We have implemented a trade compliance control system embedded within our sales process, requiring sanctions screening of customers and other transaction counterparties at multiple stages of the transaction life-cycle, and providing transaction-specific compliance guidance to relevant business personnel.

Compliance Review and Risk Classification Mechanism. We have adopted internal guidelines on the classification and tiered management of transaction counterparties, which set out standardized review procedures, defined risk categorization criteria and corresponding mitigation or escalation measures.

Compliance Tools and Training. We have procured a professional third-party compliance database to support sanctions screening. Internal user guidelines have been prepared, and relevant training is provided to business and compliance personnel to ensure effective use of such tools.

Regulatory Monitoring. We engage external export control and sanctions advisors to monitor developments in applicable sanctions and export control regimes and to provide updates on relevant international and regional regulatory changes on a periodic basis.

Incident Response and Corrective Actions. We have established and implemented a detailed incident response plan for potential export control violations, enabling prompt identification and response to compliance issues and the timely implementation of appropriate corrective actions.

U.S. Outbound Investment Rule

On August 9, 2023, the U.S. government issued Executive Order 14105, launching efforts to regulate certain outbound investments involving China. The U.S. Department of the Treasury subsequently engaged in rulemaking, culminating in a Final Rule (the "U.S. Outbound Investment Rule" or "OIR") on October 28, 2024 (effective January 2, 2025). Under the OIR, U.S. persons are subject to investment prohibitions and notification requirements for certain transactions in three sensitive technology categories, namely semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems. These restrictions apply to transactions involving a "Covered Foreign Person," which refers to an entity in China engaged in a "Covered Activity." As advised by our International Sanctions Legal Advisor, we are not a "Covered Foreign Person" for purposes of the OIR and we do not engage in any "Covered Activity," based on the following: (1) our principal business operations and products mainly focus on harmonic reducers and joint modules and do not involve semiconductors and microelectronics (referring primarily to integrated circuits; harmonic reducers are outside this scope), quantum information technologies, or AI systems, which are subject to restrictions under the OIR; (2) no Group entity otherwise engages in any development, production, fabrication or packaging of technologies or products involving these restricted sectors; (3) no Group entity has a voting or equity interest, board seat, or certain powers with respect to any "Covered Foreign Person," where more than 50 percent of its annual revenue, net income, capital expenditure or operating expenses (individually for one "Covered Foreign Person" or aggregated for all) is attributable to one or more of such "Covered Foreign Persons"; and (4) no Group entity participates in any joint venture that engages in any "covered activity." Based on the foregoing analysis of our International Sanctions Legal Advisor, U.S. persons are allowed to invest in the Global Offering and investments in our publicly traded shares after the Listing would not be prohibited or subject to reporting requirements under the OIR.

DATA SECURITY AND PRIVACY

In the course of our business, we collect, store and process business data and transaction data. We store the relevant data within the PRC, and we have adopted internal policies and technical measures including encryption, access control and data protection measures to prevent unauthorized access to relevant data. During the course of our business operation, we collect and maintain certain contact information of our customers to the extent necessary. During the Track Record Period and up to the Latest Practicable Date, there had been no cross-border transfer of data collected and generated by us within the PRC to jurisdictions outside the PRC. During the Track Record Period, we established overseas sales networks focused primarily on product sales and customer business development, and such activities did not involve the transfer of personal information collected within the PRC to outside the PRC. As we only make transactions with enterprises, we do not collect or process personal data. We believe that the confidentiality, integrity and availability of data are vital to our business operations. To mitigate data security risks, we have implemented a comprehensive approach that includes stringent data encryption, secure data storage protocols and strict transmission policies to ensure the confidentiality and integrity of sensitive information.

Our internal data protection framework is designed to manage and control access to confidential information effectively. We have established clear and detailed protocols that govern the use, storage and sharing of corporate data, ensuring that only employees with the appropriate authorization can access sensitive information on a need-to-know basis. We establish an information security management team to provide strategic oversight and governance, responsible for setting policies and managing risks. Under their guidance, we have implemented a detailed information security incident response plan, which defines clear procedures for rapidly detecting, analyzing, containing, and recovering from any security breaches. We also establish an IT equipment management policy to ensure operational reliability of company-owned IT assets and protect against data breaches. In addition, we classify and manage stored information with varying levels of access. Employees are granted access to data strictly according to their roles and are required to use this data solely for the performance of their job duties. We from time to time examine the security of our data storage system. We have entered into confidentiality clauses in the employment agreements with our employees to prevent improper use or disclosure of information.

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we are not applicable to the declaration of cybersecurity review, on the basis that: (1) we had not been notified of being classified as a critical information infrastructure operator; (2) we have not received any material queries or notifications from any PRC governmental authorities, have not received any notification with regard to cybersecurity review, and have not been subject to any material administrative penalties or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection; (3) our business does not involve the cross-border transfer of personal information and important data; (4) during the Track Record Period and up to the Latest Practicable Date, there had not been a significant cybersecurity or data protection incident regarding theft, leakage, damage or loss of data or personal information; (5) based on the consultation with the China Cybersecurity Review, Certification and Market Regulation Big Data Center ("CCRC"), Hong Kong is not included in the definition of "abroad" hereof and listing in Hong Kong is not in the scope of "listing abroad" (國外上市), which is not explicitly required to apply for a cybersecurity review.

Based on the above, as well as (1) we have implemented internal policies on protecting cybersecurity, data security and personal information; and (2) we will continuously pay close attention to the legislative and regulatory development in cybersecurity, data security and personal information protection, maintain ongoing communication with relevant government authorities and implement all necessary measures in a timely manner to ensure continuous compliance with the relevant laws and regulation, our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, (1) we had implemented compliance measures concerning cybersecurity, data security and personal information protection in material respects in accordance with applicable PRC laws and regulations, and (2) we had complied with applicable PRC laws and regulations relating to cybersecurity, data security and personal information protection in all material respects during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage, breach, or losses, nor did we experience any material unauthorized use of customers' or distributors' personal information or received any third-party infringement claims with respect to data security. During the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable data security laws in all material respects.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe the effective management of environmental, social and corporate governance ("ESG") matters is important to our long-term success. We place strong emphasis on environmental and social matters and have integrated ESG considerations into our corporate governance and day-to-day operations. We are committed to promoting long-term growth in a prudent and responsible manner, and regard ESG as an integral component of both value creation and risk management. During the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that we have been in compliance with all ESG-related laws and regulations.

ESG Governance

We have established an ESG governance framework to continuously enhance our sustainability management. Our Board assumes overall responsibility for overseeing ESG matters. Its main responsibilities include (1) providing guidance on and reviewing ESG-related strategies, plans and targets, and holding regular meetings to determine, assess and monitor progress against key ESG objectives; (2) assessing risks relating to environmental, social and governance matters; (3) ensuring that appropriate and effective systems are in place for the management of ESG risks and internal controls; and (4) reviewing ESG reports prepared for external disclosure following Listing.

We have set up a group-level ESG working group with representatives from our administrative and human resources, finance, procurement, quality, manufacturing and R&D departments. Its main duties are to (1) monitor ESG-related laws, regulations and Listing Rules, report material changes to the Board and update our ESG policies; (2) identify key stakeholders and follow up on their ESG-related concerns; (3) coordinate ESG risk identification and mitigation across departments and report key issues to our Board; (4) formulate and implement ESG policies and prepare ESG reports for external disclosure; and (5) track other ESG matters that may have a material impact on our Group.

Environmental Protection

Energy usage

We actively respond to national policies and promote green development, and are committed to building a green manufacturing system that supports the achievement of sustainable development goals. Our energy consumption mainly comprises purchased electricity, petrol and other energy sources. To improve our energy efficiency and reduce emissions, we have adopted, among others, the following measures:

- ***Renewable energy utilization***. We continue to develop green power projects, such as rooftop distributed photovoltaic installations, to optimize our energy mix.

- ***Energy-efficient lighting retrofit***. We conduct comprehensive inspections of lighting fixtures and replace all replaceable incandescent bulbs with energy-saving lamps.

- ***Office equipment energy management***. We optimize computer power management by enabling automatic display shut-down during short breaks and utilizing standby mode for prolonged non-use and hibernation mode for extended inactivity.

- ***Printing resource sharing***. We implement a printer-sharing arrangement across office areas to reduce the number of devices and improve utilization efficiency.

- ***Administrative measures***. We enforce internal requirements on equipment shut-down, consumption reduction, equipment protection and regular inspections to support the effective implementation of energy-saving measures.

The following table sets forth our energy consumption during the Track Record Period:

		As of December 31,		
	(Unit)	2023	2024	2025
Purchased electricity	kWh	4,899,292	6,724,399	8,547,224
PV power generation(1)	kWh	/	/	1,148,425
Gasoline	Liter	5,518	10,388	7,535
Comprehensive energy consumption	MWh	4,948	6,815	8,613
Comprehensive energy consumption intensity	MWh/RMB million in revenue	52	63	33

(1) Only our new production facility, which commenced operation in August 2025, utilizes PV power generation.

Waste management

Our non-hazardous waste mainly comprises industrial solid waste. We have established a non-hazardous waste management system to regulate the generation, collection, storage, transportation, utilization and disposal of such waste, with a view to preventing or reducing environmental pollution. Municipal solid waste is collected by sanitation staff and delivered to the local sanitation bureau for treatment.

Our hazardous waste mainly includes waste quench oil, waste cutting fluid and metal swarf contaminated with cutting fluid, waste hydraulic oil, waste lubricating oil, sludge, waste packaging drums and waste cleaning agents. We have put in place a contingency and risk prevention system for hazardous waste incidents and preventive and emergency procedures for hazardous waste accidents. We categorize and handle hazardous waste in accordance with these procedures and engage licensed third-party contractors for treatment to ensure regulatory compliance.

The following table sets forth our waste discharge during the Track Record Period.

		As of December 31,		
	(Unit)	2023	2024	2025
Non-hazardous waste	Tonnes	139	236	134
Non-hazardous waste intensity	Tonnes/RMB million in revenue	1.5	2.2	0.5
Hazardous waste	Tonnes	2.9	1.6	2.2
Hazardous waste intensity	Tonnes/RMB million in revenue	0.03	0.01	0.01

We arranged for third-party testing each year and the exhaust gases emission were all within the regulatory limit.

Responding to climate change

We recognize that climate change may affect our strategic planning and business operations. We therefore treat climate-related governance as an important part of our ESG framework and use it to strengthen risk management and support resource allocation and decision making.

From a risk perspective, climate change brings two main types of risk to our business, namely physical risk and transition risk. Physical risk arises from the impact of extreme weather and natural disasters, such as heavy rainfall and flooding, which may interrupt upstream production or disrupt our supply chain. Transition risk arises from changes in policies, laws, technologies and market conditions associated with the move to a low-carbon economy, which may affect our business model and operations. In response, we seek to reduce climate-related uncertainty by improving resource efficiency, promoting green technology innovation and strengthening sustainable supply chain management.

		As of December 31,		
	(Unit)	2023	2024	2025
GHG emissions – Scope 1[(1)]	tCO_2e	12	23	17
GHG emissions – Scope 2[(2)]	tCO_2e	2,629	3,608	3,926
GHG emissions – Scope 1 and Scope 2	tCO_2e	2,641	3,631	3,942
Intensity of GHG emissions – Scope 1 and Scope 2	tCO_2e/RMB million in revenue	28	34	15
GHG emissions – Scope 3[(3)]	tCO_2e	71	73	155

(1) GHG emissions—Scope 1 is calculated based on our gasoline consumption and corresponding emission factors.

(2) GHG emissions—Scope 2 is calculated based on our purchased electricity and the corresponding emissions factor which references the Ministry of Ecology and Environment's Notice on Management of Greenhouse Gas Emissions Reporting for Power Generation Enterprises for 2023-2025.

(3) Category 6 of Scope 3 GHG emission refers to emissions generated by employee business travel by air plane, train, taxi and hotel accommodation, the emissions are calculated by spending method (multiplying the capacity emission factor and spending amount on each travelling category), the spending data is from our financial ledger. The increase in 2025 was due to the expansion of business.

For energy consumption and GHG emissions, we set the target of intensity reduction by 15% with the baseline year of 2024 for the next three years, and will achieve the target by usage of high-energy efficiency equipment and lean scientific production. For the waste intensity, we set a target to ensure that our waste intensity for 2026, 2027 and 2028, respectively, does not exceed that of 2024, which serves as the baseline year, and aim to achieve the target by continuous technique improvement and refined production management. Targets we set are comparable with ESG targets set by peer companies with leading ESG ratings.

During the Track Record Period and up to the Latest Practicable Date, we did not incur a material cost of compliance with relevant environmental protection laws and regulations. During the Track Record Period, our expenses incurred in relation to environmental compliance amounted to RMB63.4 thousand in total.

Social Responsibility

We strive to provide an inclusive, healthy and diverse work environment. We uphold equal pay for equal work and gender equality in employment, prohibit child labor, strictly forbid forced labor and workplace harassment and oppose all forms of discrimination in recruitment, promotion and compensation. The following table set forth breakdown of our employees by gender and by age groups, respectively, as of December 31, 2025:

Metrics	As of December 31,
	2025
Number of Employees by Gender	
Male	410
Female	164
Number of Employees by Age	
30 and below	238
31-40	192
41-50	101
51 and above	43

Employee rights and benefits

We regularly organize activities to support the physical and mental well-being of our employees, enhance their skills and strengthen their sense of belonging. During major traditional festivals, we distribute holiday gifts to all employees. To encourage employees to return to work on time after the Chinese New Year break, we reimburse travel expenses for those who return to the factory within the specified period upon presentation of registered tickets.

We also seek to foster open and constructive communication. Department heads, together with our administrative and human resources departments, manage communication channels that facilitate timely information sharing and encourage respectful dialogue among employees, between supervisors and subordinates and across departments.

We place strong emphasis on the professional development of our employees. We provide regular induction training for new employees and ongoing skill development programs to support their career planning and advancement. We are committed to protecting the health and safety of our employees through a structured set of policies and procedures. We work to raise their safety awareness and emergency response capabilities and have formulated emergency plans to help employees respond effectively to incidents and reduce potential risks to people and property.

Supply chain management

We have put in place comprehensive policies and procedures to ensure a systematic and transparent approach to supplier management. These procedures cover supplier development, evaluation, selection, approval, supervision and ongoing management. By following these procedures, we seek to ensure that our suppliers consistently meet our requirements in respect of technology, quality, pricing, delivery time and service standards, and to enhance the efficiency and transparency of our supply chain operations. We conduct monthly analyses of supplier quality based on incoming inspection results, production defect rates, complaint rates and other indicators. Based on their scores, we classify them into four tiers and implement corresponding follow-up measures. To maintain long-term quality stability, we conduct periodic reviews for suppliers that meet specified transaction or purchase value thresholds, generally at least once every one to three years depending on their average performance during the year. We require all suppliers to conduct business in accordance with the principles of legality, fairness and integrity. We have entered into integrity agreements with all suppliers to prevent illegal or improper conduct, safeguard the legitimate rights and interests of both parties and ensure compliance with applicable national and local laws and regulations on integrity.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality. As advised by our PRC Legal Advisor and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we had complied with applicable health, work safety and environmental laws and regulations in all material respects.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. For instance, Mr. Zhou Wenjun, the legal director of our Company, is responsible for monitoring our ongoing compliance with the relevant PRC laws and regulations, and the overall effectiveness of our risk management and establishing our internal control system and reviewing its effectiveness. We have adopted internal rules and policies governing various aspects of our business operations and management, such as our sales practices, information system, legal compliance, financial reporting and human resources.

We have engaged an independent internal control consultant to review our risk management and perform an initial review in selected areas of our internal controls, including, among others, financial reporting and disclosure controls, sales, accounts receivable and collection, procurement, accounts payable and payment, cash and treasury management, assets management, research and development, information technology general controls and compliance management. Our internal control consultant put forward recommendations based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our remedial measures and did not identify any material deficiency in our internal control system. Having considered the report prepared by our internal control consultant, our Directors confirmed that all of the major recommendations provided by the internal control consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses. Our Directors are of the view that our enhanced internal control measures are adequate and effective to ensure compliance with relevant laws and regulations going forward.

We have appointed Somerley Capital Limited as our external compliance advisor with effect from the date of the Listing to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the ordinary course of our business operations. Key operational risks faced by us include, among others, our ability to respond to technological changes, competition in the relevant industries, our ability to retain and grow our customer base and usage, our ability to enhance or upgrade our existing products and introduce new ones, our ability to maintain and expand our sales and distribution network, and our ability to successfully expand to and develop market recognition in various industry sectors. See “Risk Factors” for disclosures on various risks we face. In addition, we also face certain market risks, such as credit risk, liquidity risk and interest rate risk related to our financials. See “Financial Information—Quantitative and Qualitative Disclosure of Market Risks” for details. We have implemented policies and procedures for risk management in each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, employee conduct and legal compliance. Our Board oversees and manages the overall risks associated with our operations. We have established an Audit Committee to review and supervise the financial reporting process and internal control system of our Group. See “Directors and Senior Management—Board Committees—Audit Committee” for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.

SEASONALITY

Our business operations are subject to seasonality. Our sales performance tends to be stronger in the fourth quarter of each year, primarily because our customers typically conduct equipment and process testing during the second quarter and complete the majority of their annual capital expenditure in the third and fourth quarters, leading to our stronger sales in the second half of the year, especially the fourth quarter. Our sales performance and production activities tend to be relatively weak in the first quarter of each year, primarily due to the Chinese New Year holidays, while gradually recover during the second quarter. This seasonality pattern may cause our results of operations to fluctuate from period to period.

OVERVIEW

As of the Latest Practicable Date, Mr. Zhang collectively controlled 32.67% of the voting power at the general meetings of our Company, comprising (i) 4.13% beneficially owned by Mr. Zhang directly, (ii) 23.45% held through Laifu Investment, where its general partner, Shengzhou Shunhe Information Consulting Co., Ltd. (嵊州市順和信息諮詢有限公司), is controlled by Mr. Zhang, and (iii) 5.09% held through Jieyang Information, where Mr. Zhang acts as the general partner. Upon the Listing, Mr. Zhang will collectively control 28.42% of the voting power at the general meetings of our Company through the aforementioned interests and voting arrangements. Therefore, Mr. Zhang, together with Laifu Investment and Jieyang Information, will be our Single Largest Group of Shareholders upon the Listing.

COMPETITION

Members of our Single Largest Group of Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE SINGLE LARGEST GROUP OF SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the Listing, our Board will comprise of four executive Directors, three non-executive Directors and four independent non-executive Directors. See "Directors and Senior Management" for more information.

Our Directors believe that our Board and senior management are able to manage our business and function independently from our Single Largest Group of Shareholders based on the following reasons:

- Each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

- In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

- We have four independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and the Articles of Association and internal policies;

- Our daily management and operations are carried out by our senior management team. Except Mr. Zhang, all of our senior management team members are independent from our Single Largest Group of Shareholders, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group; and

- We have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. See "—Corporate Governance."

Operation Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Single Largest Group of Shareholders. Our Company holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Group of Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Single Largest Group of Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of the Single Largest Group of Shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from our Single Largest Group of Shareholders and their close associates. We do not share any other functions or resources with any member of our Single Largest Group of Shareholders or their close associates.

During the Track Record Period, we primarily financed our business operations through cash generated from our business activities and equity financing activities. As of the Latest Practicable Date, we did not have any outstanding borrowings or guarantees from our Single Largest Group of Shareholders or any of their respective close associates.

Based on the above, our Directors believe that our Group is able to operate with financial independence from our Single Largest Group of Shareholders and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Single Largest Group of Shareholders and safeguard the interest of our Shareholders, including:

(1) where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Group of Shareholders or any of their close associates have a material interest, our Single Largest Group of Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(2) our Company has established internal control mechanism to identify connected transactions. After the Listing, our Company will comply with the requirements in connection with connected transactions. After the Listing, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(4) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(5) we have established the audit committee, remuneration and appraisal committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(6) our Single Largest Group of Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Single Largest Group of Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

CONNECTED PERSONS

We have entered into certain transactions that will constitute our continuing connected transactions after the Listing with the following parties which will become our connected persons upon the Listing:

- Shengzhou Wuzhou Xinhua Bearing Forging Co., Ltd. (嵊州市五洲新華軸承鍛造有限公司) ("Wuzhou Xinhua"), a company ultimately controlled by Ms. Yin Qiqi (尹琪琦), a family member of Mr. Zhang under Rule 14A.12(2)(a) of the Listing Rules.

- Shengzhou Xinhua Bearing Co., Ltd. (嵊州市新華軸承有限公司) ("Shengzhou Xinhua"), a company ultimately controlled by Ms. Yin Qiqi, a family member of Mr. Zhang under Rule 14A.12(2)(a) of the Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions of our Group which will be fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Raw Material and Service Purchase Framework Agreement

On June 16, 2026, our Company and Wuzhou Xinhua entered into a purchase and sales of raw materials including flex spline and bearing forgings and forging processing services framework agreement (the "Raw Material and Service Purchase and Sales Framework Agreement"), pursuant to the Raw Material and Service Purchase Framework Agreement, we agree to purchase raw materials and services from Wuzhou Xinhua based on our commercial needs from time to time. The aforementioned purchases of raw materials and services are expected to continue after the Listing. The prices of such raw materials and services will be determined by the parties at arm's length negotiations with reference to prevailing market prices and prices for similar products supplied by Independent Third Parties.

During the year ended December 31, 2023, 2024 and 2025, the total purchase amount of Wuzhou Xinhua's products and services were approximately RMB0.67 million, RMB1.32 million and RMB2.42 million, respectively. The transactions between Wuzhou Xinhua and us are in the ordinary and usual course of business and on normal or better commercial terms than those available from independent third parties.

We consider that our transactions with Wuzhou Xinhua shall be subject to the requirements applicable to connected transactions under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of these transactions after the Listing is expected to be less than 5% on an annual basis and the total consideration is less than HK$3.0 million, the purchases of raw materials and services from Wuzhou Xinhua fall within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Heat Treatment Service Sales Framework Agreement

On June 16, 2026, our Company and Shengzhou Xinhua entered into a sales of heat treatment services framework agreement (the "Heat Treatment Service Sales Framework Agreement"), pursuant to the Heat Treatment Service Sales Framework Agreement, we agree to provide Shengzhou Xinhua our heat treatment services based on their commercial needs from time to time. The service fee of such heat treatment services will be determined by the parties at arm's length negotiations with reference to prevailing market prices and prices for similar products supplied by Independent Third Parties.

We will continue to provide services to Shengzhou Xinhua because it allows us to make use of the idle capacity of our heat treatment services, thereby reducing our unit heat treatment costs while creating an additional revenue stream. Accordingly, we believe that the transactions contemplated under the Heat Treatment Service Sales Framework Agreement are in the interest of our Company and our Shareholders as a whole.

During the year ended December 31, 2023, 2024 and 2025, the total revenue from providing our service to Shengzhou Xinhua was approximately RMB1.14 million, RMB1.43 million and RMB0.77 million, respectively. The transactions between Shengzhou Xinhua and us are in the ordinary and usual course of business and on normal or better commercial terms than those available from independent third parties.

We consider that our transactions with Shengzhou Xinhua shall be subject to the requirements applicable to connected transactions under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio under the Listing Rules in respect of these transactions after the Listing is expected to be less than 5% on an annual basis and the total consideration is less than HK$3.0 million, the purchases of services by Shengzhou Xinhua fall within the *de minimis* threshold under Rule 14A.76(1) of the Listing Rules and will be fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

OVERVIEW

Upon the Listing, our Board will consist of 11 Directors, including four executive Directors, three non-executive Directors and four independent non-executive Directors. Our Board is responsible, and has general authority for, the management and operation of our Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. Our senior management is responsible for the day-to-day operations of our Company.

All of our Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

DIRECTORS

The following table sets forth certain information regarding the members of our Board.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Executive Directors						
Mr. Zhang Jie (張傑)	34	Chairman of our Board, executive Director and general manager	May 1, 2015	September 22, 2017	Responsible for the overall strategic planning, business direction and management of our Group	N/A
Mr. Wu Di (吳迪)	36	Executive Director and deputy general manager	June 29, 2022	May 13, 2024	Responsible for overseeing the digital transformation initiatives, joint module development, and robotics-related business operations of our Group	N/A
Ms. Wang Haiying (王海鷹)	42	Executive Director and human resources and administrative director	March 11, 2018	August 13, 2018	Responsible for overseeing the human resources and administrative operations of our Group	N/A
Mr. Zhang Han (張瀚)	38	Executive Director	July 15, 2014	November 1, 2018	Responsible for overseeing the technology research and development of our Group	N/A
Non-executive Directors						
Mr. Cui Zhiyuan (崔志遠)	27	Non-executive Director	October 17, 2025	October 17, 2025	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	N/A
Mr. Huang He (黃河)	48	Non-executive Director	January 11, 2018	January 11, 2018	Responsible for providing professional opinion and judgment to our Board	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Mr. Li Chengsheng (李程晟)	38	Non-executive Director	November 24, 2021	November 24, 2021	Responsible for providing guidance on overall strategic planning, corporate governance and business direction of our Group	N/A
Independent non-executive Directors						
Mr. Feng Yun (馮贇)	50	Independent non-executive Director	December 24, 2025	December 24, 2025	Responsible for providing independent advice on the operations and management of our Group	N/A
Dr. Li Jun (李俊)	59	Independent non-executive Director	December 24, 2025	December 24, 2025	Responsible for providing independent advice on the operations and management of our Group	N/A
Mr. Lou Yu (樓宇)	62	Independent non-executive Director	December 24, 2025	December 24, 2025	Responsible for providing independent advice on the operations and management of our Group	N/A
Ms. Tian Chunshan (田春杉)	49	Independent non-executive Director	December 24, 2025	December 24, 2025	Responsible for providing independent advice on the operations and management of our Group	N/A

Executive Directors

Mr. Zhang Jie (張傑), aged 34, is the chairman of our Board and an executive Director of our Company. Mr. Zhang has served as the deputy general manager and sales manager from May 2015 to December 2016 and he was redesignated as an executive Director and the chairman of our Board since September 2017, responsible for the overall strategic planning, business direction and management of our Group.

Mr. Zhang has been with the Group since May 2015 and has over 10 years of experience in managing the business of the Group. He obtained a bachelor's degree in business administration from Beijing Wuzi University (北京物資學院) in July 2013 and a master's degree in business administration from New Jersey Institute of Technology in the United States in May 2015. He was also granted the title of Mechanical and Electrical Manufacturing (Technology Development) Intermediate Engineer (機電製造(技術開發)中級工程師) by the Shaoxing Municipal Bureau of Human Resources and Social Security (紹興市人力資源和社會保障廳) in December 2021.

Mr. Wu Di (吳迪), aged 36, is an executive Director and the deputy general manager of our Company. Mr. Wu joined our Company in June 2022 and was appointed as a deputy general manager and Director in May 2024, responsible for overseeing the digital transformation initiatives, joint module development, and robotics-related business operations of our Group. Mr. Wu has also served other management roles within our Group, of which he was responsible for overall management and operation. Since November 2022, Mr. Wu has been the general manager and supervisor of CmdRob, a wholly owned subsidiary of the Group. From June 2022 to February 2023, he was the person in charge of the Nanjing office of Shengzhou Shengzhou Laifual (formerly known as Suzhou Changmu Drive Co., Ltd. (蘇州長木傳動科技有限公司)).

Mr. Wu has over 12 years of experience in the fields of electrical engineering, automation, and robotics. Prior to joining our Group, from July 2015 to April 2017, Mr. Wu served as a software engineer at Nanjing Keyuan Automatic Group Co., Ltd. (南京科遠自動化集團有限公司) (currently known as Nanjing Sciyon Wisdom Technology Group Co., Ltd. (南京科遠智慧科技集團股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002380), a company focusing on industrial automation and informatization products and solutions, where he was responsible for the development of domestic Distributed Control Systems (DCS), inverters, and servo drives. From March 2017 to April 2021, he worked as a software engineer and a project and product manager at Estun Automation Co., Ltd (南京埃斯頓自動化股份有限公司), a company focusing on industrial automation and informatization products and solutions, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002747), where he was responsible for products covering servo drives, motion controllers, industrial robots.

Mr. Wu obtained a bachelor's degree in electrical engineering and automation from Dalian Jiaotong University (大連交通大學) in July 2012 and a master's degree in power electronics and transmission from Shanghai University of Electric Power (上海電力大學), formerly Shanghai Electric Power College (上海電力學院) in June 2015.

Ms. Wang Haiying (王海鷹), aged 42, is an executive Director and the human resources and administrative director of our Company. She joined our Company in March 2018 and was appointed as a Director in August 2018, responsible for overseeing the human resources and administrative operations of our Group.

Ms. Wang has over 17 years of experience working in companies, with background in manufacturing and business operations. From January 2008 to August 2017, she worked at Toolux Sanding S.A. (浙江三鼎工具有限公司), a company specializes in the design, manufacturing and marketing of metal and plastic tool sets (formerly listed on the Euronext Paris stock exchange, ticker: LU0394945660). From September 2017 to February 2018, Ms. Wang worked at Shengzhou Xincheng Wuyue Commercial Management Co., Ltd. (嵊州新城吾悦商業管理有限公司), a company focusing on commercial property management.

Ms. Wang obtained a bachelor's degree in business administration from Zhejiang Agriculture and Forestry University (浙江農林大學) in July 2024, and awarded the professional qualification of Level II Corporate Human Resources Manager (二級企業人力資源管理師) by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源和社會保障廳) in December 2019.

Mr. Zhang Han (張瀚), aged 38, is an executive Director of our Company. Mr. Zhang joined our Company in July 2014 and has served as and technical director since then. Mr. Zhang was appointed as an executive Director in January 2018. Mr. Zhang is responsible for overseeing the technology research and development of our Group.

Mr. Zhang has over 16 years of experience in the mechanical engineering industry. Prior to joining our Group, from September 2009 to February 2011, Mr. Zhang worked at Dalian Yiliya Engineering Machinery Co., Ltd. (大連益利亞工程機械有限公司), a company engaging in manufacturing of construction machinery. From June 2011 to March 2012, he worked at Ningbo East Machinery & Equipment Corp. (寧波東鑄機械有限公司), a company focusing on the trade of general equipment.

Mr. Zhang obtained a bachelor's degree in mechanical design, manufacturing and automation, from Taiyuan University of Technology (太原科技大學) in July 2009.

Mr. Zhang was accredited as an intermediate engineer (中級工程師) by the Shaoxing Municipal Human Resources and Social Security Bureau (紹興市人力資源和社會保障局) in December 2021.

Non-executive Directors

Mr. Cui Zhiyuan (崔志遠), aged 27, is a non-executive Director of our Company. Mr. Cui joined our Company and was appointed as a non-executive Director in October 2025, responsible for the strategic oversight and corporate governance of our Group.

Since July 2023, Mr. Cui has served as a senior analyst at China Development Bank Capital Co., Ltd. (國開金融有限責任公司), a company primarily engaged in investment operations, management, and consulting services, where he is responsible for overseeing investment activities of projects ranging from robotics to hardware and software automation.

Mr. Cui obtained a bachelor's degree in financial management from Nankai University (南開大學) in June 2020 and a master's degree in law from Peking University (北京大學) in July 2023.

Mr. Cui obtained the Legal Professional Qualification Certificate (法律職業資格) issued by the Ministry of Justice of the PRC in April 2021.

Mr. Huang He (黃河), aged 48, is a non-executive Director of our Company. Mr. Huang joined our Company as a non-executive Director since January 2018, responsible for providing professional opinion and judgment to our Board.

Mr. Huang has been working at Northern Lights Consulting (Beijing) Co., Ltd. (北極光諮詢顧問(北京)有限公司) since August 2010, where he successively held several positions, including vice president from August 2010 until February 2013, executive director from March 2013 to January 2016, and partner from February 2016 to the present. Mr. Huang has served as a supervisor and a director at Zhejiang Hechuan Technology Co., Ltd. (浙江禾川科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688320) from May 2014 to February 2015 and from March 2015 to October 2024, respectively.

Mr. Huang subsequently obtained a doctor of engineering degree in power engineering and engineering thermophysics in July 2004. He obtained the China Securities Investment Fund Practicing Certificate (中國證券投資基金從業證書) issued by the Asset Management Association of China (中國證券投資基金業協會) in November 2017.

Mr. Li Chengsheng (李程晟), aged 38, is a non-executive Director of our Company. Mr. Li joined our Company and was appointed as a non-executive Director in November 2021, responsible for the strategic oversight and corporate governance of our Group.

Mr. Li has over 15 years of experience in venture capital, technology, and the semiconductor industry. Mr. Li has been serving as the executive general manager at Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司) since June 2016, focusing on venture capital investments. He is currently serving as directors of companies in the technology industry, responsible for overseeing the overall management and operations, including Guangzhou Perception Vision Medical Technologies Co., Ltd. (廣州柏視醫療科技有限公司), a company engaging in medical artificial intelligence, since April 2018, Shenzhen Deepcam Information Technology Co., Ltd. (深圳神目信息技術有限公司), a company specializing in visual artificial intelligence since July 2020, and Anhui Volboff Electron Science & Technology Co., Ltd. (安徽沃巴弗電子科技有限公司), a company focusing on automotive sensors, since February 2022. Mr. Li has also served as a supervisor at Shanghai Slamtec Co., Ltd. (上海思嵐科技有限公司), a company engaged in robotic navigation systems, since January 2018, responsible for the supervision of its operations.

Mr. Li worked at China National Software & Service Co., Ltd. (中國軟件與技術服務股份有限公司), shares of which are listed on the Shanghai Stock Exchange (stock code: 600536) from November 2009 to August 2010. From May 2013 to March 2016, Mr. Li served as an investment manager at Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), a company primarily engaged in venture capital investment, where he was responsible for investment. He has also held supervisor position at Suzhou Dongwei Semiconductor Co., Ltd. (蘇州東微半導體股份有限公司), a company specializing in power semiconductor design and shares of which are listed on the Shanghai Stock Exchange (stock code:

688261), from March 2017 to December 2023, and at IMotion Automotive Technology (SuZhou) Co., Ltd. (知行汽車科技(蘇州)股份有限公司), a company focusing on autonomous driving systems and shares of which are listed on the Stock Exchange (stock code: 1274), from August 2018 to April 2025, where he was responsible for providing guidance and advice on the corporate and business strategies to their board of directors.

Mr. Li obtained a bachelor's degree in mechatronic engineering from Beijing Institute of Technology (北京理工大學) in June 2009 and a master's degree in electrical engineering from New York University in May 2012.

Independent Non-executive Directors

Mr. Feng Yun (馮贇), aged 50, is an independent non-executive Director of our Company. Mr. Feng joined our Company and was appointed as an independent non-executive Director in December 2025, responsible for providing independent advice on the operations and management of our Group.

Mr. Feng has over extensive experience in investment banking, corporate finance, and strategic management. From August 2009 to July 2015, he was a licensed representative at Merrill Lynch (Asia Pacific) Limited and Merrill Lynch Far East Limited. From October 2015 to December 2017, he served as the director in the China Investment Banking Division at Citigroup Global Markets Asia Limited. From December 2017 to January 2024, he was the managing director in the Global Banking Department at UBS AG Hong Kong Branch. Since February 2024, he has served as the vice president at Starcharge Energy Pte. Ltd.

Mr. Feng obtained a bachelor's degree in world economics from Fudan University (復旦大學) in July 1997 and a master's degree in business administration from Yale University in May 2009.

Mr. Feng was certified as a Chartered Financial Analyst (CFA) in May 2010.

Dr. Li Jun (李俊), aged 59, is an independent non-executive Director of our Company. Dr. Li joined our Company and was appointed as an independent non-executive Director in December 2025, responsible for providing independent advice on the operations and management of our Group.

Dr. Li has over 31 years of experience in mechanical engineering education and research. From January 2009 to December 2015, he served as the general manager of Chongqing Yilelin Technology Co., Ltd. (重慶奕樂林科技有限公司), a company focusing on computer system integration and software development. Since September 1994, he has been engaging in teaching and research in the field of mechanical engineering, at the School of Mechanical and Vehicle Engineering of Chongqing University.

Dr. Li obtained a bachelor's degree and a master's degree in mechanical secondary casting from Chongqing University (重慶大學) in July 1991 and June 1994, respectively. He further earned a doctorate degree in mechanical design and theory from Chongqing University (重慶大學) in December 1998.

Mr. Lou Yu (樓宇), aged 62, is an independent non-executive Director of our Company. Mr. Lou joined our Company and was appointed as an independent non-executive Director in December 2025, responsible for providing independent advice on the operations and management of our Group.

Mr. Lou has over 45 years of experience in mechanical design and manufacturing automation, industry. He successively served as a technician, an engineer, and an office director at Zhejiang Forging & Pressing Machinery Group Co., Ltd. (浙江鍛壓機械集團有限公司), a company focusing on R&D, manufacturing, marketing, and services of forging machinery, from August 1980 to November 2014. Since

December 2014, he has been the secretary general of Shengzhou City Machinery Industry Association (嵊州市機械行業協會), responsible for industry management and standard formulation. Mr. Lou is actively involved in national and provincial industry organisations, serving as a member of the 1st to 5th National Technical Committee 220 on Forging Machinery of Standardization Administration of China (全國鍛壓機械標準化技術委員會(SAC/TC220)), in which he was a member of the Mechanical Press Subcommittee (全國鍛壓機械標準化技術委員會機械壓力機分技術委員會) (SAC/TC220/SC1) and the Precision Forming Equipment Working Group (全國鍛壓機械標準化技術委員會精密成型設備工作組(SAC/TC220/WG2)). He has been a member of the Zhejiang Machinery Industry Federation (浙江省機械工業聯合會) since December 2018.

Mr. Lou obtained a diploma in engineering from Zhejiang Open University (浙江開放大學), formerly known as Zhejiang Radio & Television University (浙江廣播電視大學) in August 1983 and bachelor's degree in mechanical design, manufacturing, and automation from Tianjin University (天津大學) in January 2014.

Mr. Lou is an engineer certified by Shengzhou Municipal Human Resources and Social Security Bureau (嵊州市人力資源和社會保障局) in September 1993 and a senior engineer certified by Zhejiang Machinery Industry Federation in December 2018.

Ms. Tian Chunshan (田春杉), aged 49, is an independent non-executive Director of our Company. Ms. Tian joined our Company and was appointed as an independent non-executive Director in December 2025, responsible for providing independent advice on the operations and management of our Group.

Ms. Tian has over 24 years of experience in finance, investment management, and risk control. From August 2001 to October 2015, Ms. Tian served at KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所(特殊普通合夥)上海分所), progressing from auditor to audit partner. From November 2015 to August 2017, she served as the chief financial officer at Shanghai Taiyun Investment Management Ltd. (上海泰蘊投資管理有限公司), a company focusing on asset and investment management, where she was responsible for finance, legal, and risk control. From September 2017 to October 2018, Ms. Tian worked as a chief financial officer at YI Technology Co., Ltd. (上海小蟻科技有限公司) (now known as YI Technology Co., Ltd. ((雲蟻智聯(上海)信息技術有限公司)), a company engaged in intelligent hardware design and manufacturing. Since November 2018, Ms. Tian has served as founding, managing and risk control partner at Shanghai Wofu Private Equity Fund Management Co., Ltd. (上海沃賦私募基金管理有限公司), where she oversees the operation and management of multiple funds, financial, legal and risk management.

Ms. Tian obtained a bachelor's and master's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in June 1998 and February 2001, respectively.

Ms. Tian is an accountant certified by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in November 2003 and is a member of the Association of Chartered Certified Accountants (英國特許公認會計師公會) ("**ACCA**") since June 2012, and become a fellow of ACCA since June 2017.

SENIOR MANAGEMENT

Mr. Zhang Jie (張傑), aged 34, is the chairman of our Board, an executive Director and the general manager of our Company. See "—Directors—Executive Directors" for his biographical details.

Mr. Wu Di (吳迪), aged 36, is an executive Director and deputy general manager of our Company. See "—Directors—Executive Directors" for his biographical details.

Ms. Wang Haiying (王海鷹), aged 42, is an executive Director and the human resources and administrative director of our Company. See "—Directors—Executive Directors" for his biographical details.

Mr. Zhang Han (張瀚), aged 38, is an executive Director and the technical director of our Company. See "—Directors—Executive Directors" for his biographical details.

Ms. Xue Wei (薛唯), aged 43, is the chief financial officer of our Company. Ms. Xue joined our Company and has served as the chief financial officer since January 2022, responsible for overseeing the overall financial management of our Group.

Ms. Xue has extensive of experience in financial management. Prior to joining our Group, from July 2012 to June 2019, she worked at a subsidiary of Shanghai Macroprocess Lustration Technology Co., Ltd (上海朗脈潔淨技術股份有限公司), a company specialising in clean system engineering for pharmaceutical factories. From June 2021 to February 2022, she worked at Wanbang Digital Energy Co., Ltd. (萬幫數字能源股份有限公司), a company focusing on electric vehicle charging infrastructure and microgrid solutions with its core brand named Starcharge (星星充電).

Ms. Xue obtained a bachelor's degree in Accounting from Inner Mongolia University of Finance and Economics (內蒙古財經大學) in July 2006.

Ms. Xue obtained a certificate for passing all the required subjects of the national uniform CPA examination and is a tax advisor certified by the China Certified Tax Agents Association (中國註冊稅務師協會).

Mr. Zhou Wenjun (周文俊), aged 35, is the Board secretary and legal director of our Company. Mr. Zhou joined our Company and has served as our Board secretary since September 2021, responsible for overseeing the board governance, legal compliance, and corporate legal affairs of the Company.

Mr. Zhou has over 10 years of experience in legal services and corporate governance. From July 2014 to July 2015, he worked at Jiangsu Wisdom (Wuxi) Law Firm (江蘇維世德(無錫)律師事務所). From September 2016 to September 2021, Mr. Zhou was a Practising Lawyer at Jiangsu Yingheng Law Firm (江蘇瀛恒律師事務所).

Mr. Zhou obtained a bachelor's degree in Law from Beijing Wuzi University (北京市物資學院) in July 2013.

Mr. Zhou obtained a Legal Professional Qualification Certificate from the Ministry of Justice of the PRC in 2013.

Save as disclosed in this section, none of our Directors and senior management held directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed in this section, there were no other matters relating to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Please refer to "Statutory and General Information—3. Further Information About Our Directors" in Appendix VI to this prospectus for the interests of our Directors and chief executive in our Shares within the meaning of Part XV of the SFO.

JOINT COMPANY SECRETARIES

Mr. Zhou Wenjun (周文俊) was appointed as our joint company secretary since December 2025. Mr. Zhou is the Board Secretary of our Company. For details, see "—Senior Management."

Ms. Li Yee Ching (李漪澄) was appointed as our joint company secretary since December 2025.

Ms. Li has 10 years of experience in providing a full range of company secretarial services, and is currently serving a portfolio of clients including public listed companies, MNCs and Hong Kong and offshore private companies.

Ms. Li obtained a Master of Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) and a Bachelor of Integrated Business Administration from Chinese University of Hong Kong. She has been an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom since 2019.

BOARD COMMITTEES

Our Company has established three committees under our Board, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Mr. Feng Yun, Dr. Li Jun and Ms. Tian Chunshan, with Ms. Tian Chunshan currently serving as the chairman. Ms. Tian Chunshan has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management and internal control system of our Group and has the terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Zhang, Mr. Feng Yun and Mr. Lou Yu, with Mr. Feng Yun currently serving as the chairman. The Remuneration and Appraisal Committee is mainly responsible for evaluating the remuneration polices for Directors and senior management of our Group and making recommendations thereon to our Board and has the terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Nomination Committee

The Nomination Committee consists of three Directors, namely Mr. Zhang, Dr. Li Jun and Ms. Tian Chunshan, with Mr. Zhang currently serving as the chairman. The Nomination Committee is mainly responsible for identifying, screening and recommending to our Board qualified candidates to serve as our Directors and senior management and monitoring the procedures for evaluating the performance of our Board and has the terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIVERSITY POLICY OF OUR BOARD

Our Board has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. Our Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, finance and accounting, robot technology and law. Our Board is of the view that our Board satisfies our Board Diversity Policy. In addition, our Board has a wide range of age, ranging from 27 years old to 62 years old. Two of our Directors are female. Our Board will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of our Board. After Listing, the Nomination Committee will monitor and evaluate the implementation of our Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of our Board Diversity Policy, including any measurable objectives set for implementing our Board Diversity Policy and the progress on achieving these objectives.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Save as disclosed below, our Group is expected to comply with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, 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. We do not have a separate chairman and chief executive and Mr. Zhang currently performs these two roles. Our Board believes that vesting the roles of both the chairman of our Board and general manager in the same person has the benefit of (1) ensuring consistent leadership within our Company, (2) enabling more effective and efficient overall strategic planning for our Company, and (3) facilitating the flow of information between the management and our Board. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate by taking into account the circumstances of our Company as a whole.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of our Directors and members of the senior management of our Company are determined by the Shareholders' meetings and our Board as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and our Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors and senior management members, who are our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. The independent non-executive Directors receive compensation based on their responsibilities.

The aggregate amounts of remuneration (including directors' fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment) to our Directors for the three years ended December 31, 2025, were RMB2.2 million, RMB3.2 million, and RMB5.5 million, respectively.

The aggregate amounts of remuneration (including directors' fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and equity-settled share-based payment) to the five highest paid individuals, excluding Directors and chief executive, for the three years ended December 31, 2025, were RMB1.9 million, RMB1.5 million and RMB0.9 million, respectively.

It is estimated that remuneration equivalent to approximately RMB3.2 million in aggregate will be paid to our Directors by our Company for the year ending December 31, 2026, based on the arrangements in force as of the date of the prospectus.

No remuneration was paid by our Company to our Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

Our Company appointed Somerley Capital Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares, the possible development of a false market in the Shares or any other matters in accordance with Rule 13.10 of the Listing Rules.

The terms of the appointment of the compliance advisor will commence on the Listing Date and end on the date when our Company distributes the annual report of its financial results for the first full financial year commencing after the Listing Date.

CORE R&D TEAM MEMBERS

For further details of the experience of our core R&D team members, see "Business—Research and Development—Our Research and Development Team and Core Members" in this prospectus.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that, as of the Latest Practicable Date, he or she did not have any interest in any business which competes, or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (1) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on December 1, 2025; and (2) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (1) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (2) that he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (3) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Each of Mr. Yang Ran (楊燃), Ms. Yuan Keying (袁珂瑛) and Mr. Liu Yang (劉洋) (collectively, the "Former Directors") resigned as a director of the Company during the Track Record Period. Mr. Yang Ran resigned due to the Company's organizational restructuring, while Ms. Yuan Keying and Mr. Liu Yang both resigned due to personal reasons. The Company confirmed that there was no disagreement between the Former Directors and the Company.

Our registered share capital as of the Latest Practicable Date was RMB89,956,887, divided into 89,956,887 Unlisted Shares of par value RMB1.00 each.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering and Conversion of Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Aggregate percentage of the total share capital
H Shares to be converted from Unlisted Shares	89,956,887	87.00%
H Shares to be issued pursuant to the Global Offering	13,441,900	13.00%
Total	103,398,787	100.00%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering and Conversion of Unlisted Shares into H Shares will be as follows:

Description of Shares	Number of Shares	Aggregate percentage of the total share capital
H Shares to be converted from Unlisted Shares	89,956,887	85.34%
H Shares to be issued pursuant to the Global Offering	15,458,100	14.66%
Total	105,414,987	100.00%

The above table assumes that the Global Offering has become unconditional and the H Shares are issued pursuant to the Global Offering.

OUR SHARES

Upon the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the Shares will all be H Shares. The H Shares in issue following the completion of the Global Offering are ordinary Shares in the share capital of our Company, and are considered as one class of Shares. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, institutions or individuals of the PRC.

RANKING

H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus.

All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi. Other than cash, dividends could also be paid in the form of shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

For details of circumstances under which the Shareholders' general meeting is required, please refer to "Notice and Agenda of General Shareholders' Meeting" under "Appendix V—Summary of The Articles of Association" to this prospectus.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council and the Articles of Association, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the filling procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need to be filed with relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange.

Filing with the CSRC for Full Circulation

According to 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) announced by the CSRC, for an H-share listed company, shareholders of its 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.

In accordance with the Guidelines for the "Full Circulation" Program for 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) announced by the CSRC, an unlisted domestic joint stock company may apply for "full circulation" when applying for an overseas initial public offering.

We have filed with the CSRC for the conversion of 89,956,887 Unlisted Shares into H Shares on a one-for-one basis ("Conversion of Unlisted Shares into H Shares") upon the completion of the Listing ("Full Circulation Application of the Company"), which has been completed on May 19, 2026.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Unlisted Shares on the Stock Exchange.

We will perform the following procedures for the conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (1) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS. Until the converted Shares are re- registered on our H Share register, such Shares will not be listed as H Shares. The participating shareholders may only deal in the Shares upon completion of domestic procedures.

SHAREHOLDERS' APPROVAL FOR THE GLOBAL OFFERING

Approval from holders of the Shares is required for the Company to issue H Shares and seek the listing of H Shares on the Stock Exchange. The Company has obtained such approval at the Shareholders' general meeting held on December 24, 2025.

RESTRICTIONS ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

According to the Company Law, the Shares issued by the Company prior to the Global Offering are restricted from trading within one year from the Listing Date.

Our Directors and members of the senior management (as defined in our Articles of Association) of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and such members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions or conditions on the transfer of the Shares held by our Directors, members of senior management of our Company and other Shareholders. For further details, see "Summary of The Articles of Association" in Appendix V to this prospectus.

The Company will work with the domestic securities company to be engaged by the Company to restrict the trading of the H Shares converted from Unlisted Shares technically within one year after the Listing.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause its designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of approximately RMB374.62 million (or approximately HK$430.94 million, calculated based on an exchange rate of RMB0.8693 to HK$1.00) (assuming an Offer Price of HK$81.25 per H Share (being the mid-point of the indicative Offer Price range) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

Based on the Offer Price of HK$77.00 per H Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Cornerstone Investors would be 5,596,000 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
41.63%	5.43%	36.18%	5.32%

Based on the Offer Price of HK$81.25 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Cornerstone Investors would be 5,303,600 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
39.44%	5.13%	34.31%	5.00%

Based on the Offer Price of HK$85.50 per Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed by Cornerstone Investors would be 5,040,000 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
37.52%	4.90%	32.61%	4.78%

We believe that the Cornerstone Placing signifies our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors during its ordinary course of operations, either through the Group's business network or through introduction by the Company's business partners or the Sponsor-Overall Coordinator.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 19A.13A of the Listing Rules.

Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. The subscription of the Offer Shares by the Cornerstone Investors will not result in more than 50% of the H Shares in public hands at the time of Listing being beneficially owned by the three largest public Shareholders for the purpose of Rule 8.08(3) of the Listing Rules. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide.

To the best knowledge of our Company, each of the Cornerstone Investors is (i) not accustomed to take instructions from our Company or any of our Directors, chief executive, our Single Largest Group of Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (ii) not directly or indirectly financed by our Company or any of our Directors, chief executive of our Company, our Single Largest Group of Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iii) independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder or a close associate of our Group. Each of the ultimate beneficial owner(s) of each Cornerstone Investors is Independent Third Party.

As confirmed by the Cornerstone Investors, there are no side arrangements or agreements between the Company and Cornerstone Investors or any benefit, direct or indirect, conferred on Cornerstone Investors, by virtue of or in relation to the Listing other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, following the principles as set out in Chapter 4.15 of the Guide.

To the best knowledge of the Company and as confirmed by each of the Cornerstone Investors, their subscriptions under the Cornerstone Investment would be financed by their own internal resources, resources of their shareholders or (in the case of the Cornerstone Investor which is funds or investment manager) the assets managed for their investors, and each of them has sufficient funds to settle its respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing.

The total number of Offer Shares to be subscribed for by Cornerstone Investors under the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, as described in the paragraphs headed "Structure of the Global Offering—The Hong Kong Public Offering—Reallocation" in this prospectus. In addition, our Company and the Sponsor-Overall Coordinator have the right to adjust the number of Offer Shares to be allocated to the Cornerstone Investors in their sole and absolute discretion to ensure compliance with (i) the minimum public float requirement under Rule 19A.13A(1) of the Listing Rules or as otherwise approved by the Stock Exchange; (ii) Rule 8.08(3) of the Listing Rules, which stipulates that no more than 50% of the Shares in public hands can be beneficially owned by the three largest public Shareholders on the Listing Date; (iii) Rule 18C.08 of the Listing Rules, which stipulates that at least 50% of the total number of Offer Shares must be taken up by independent price setting investors in the International Offering (whether as cornerstone investors or otherwise); and (iv) the free float requirement under Rule 19A.13C(1) of the Listing Rules. Further, the

Sponsor-Overall Coordinator and our Company can adjust the number of Offer Shares to be allocated to the Cornerstone Investors in their sole and absolute discretion for the purpose of the compliance with Appendix F1 (Placing Guidelines for Equity Securities) to the Listing Rules.

Details of the actual number of Offer Shares to be allocated to Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around June 29, 2026. The Cornerstone Investors have agreed to pay in full for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Certain Cornerstone Investors have agreed that delivery of all or any part of the Offer Shares it will subscribe for may be deferred to a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. For details of the Over-allotment Option and the stabilization action by the Stabilizing Manager, see "Structure of the Global Offering—Over-allotment Option" and "Structure of the Global Offering—Stabilization" in this prospectus.

The table below sets forth the details of the Cornerstone Placing:

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Name of the cornerstone investor	**Total Investment Amount[1]**	**Number of Offer Shares to be subscribed[2]**	**Approximate % of the Offer Shares**	**Approximate % of our total issued share capital immediately upon completion of the Global Offering**	**Approximate % of the Offer Shares**	**Approximate % of our total issued share capital immediately upon completion of the Global Offering**
	(in USD millions)					
Based on the Offer Price of HK$77.00 (the low-end of the indicative Offer Price range)						
OAKTREE CAPITAL MANAGEMENT, L.P. ("**Oaktree**")	10	1,017,500	7.57%	0.98%	6.58%	0.97%
Alphahill Capital Limited	10	1,017,500	7.57%	0.98%	6.58%	0.97%
HARVEST GLOBAL INVESTMENTS LIMITED	8	814,000	6.06%	0.79%	5.27%	0.77%
CDH Global Frontier Ventures Limited ("**CDH Global**")	7	712,300	5.30%	0.69%	4.61%	0.68%
E Fund Management Co., Ltd/E FUND MANAGEMENT (HONG KONG) CO., LIMITED ("**E Fund**")	5	508,700	3.78%	0.49%	3.29%	0.48%
Eurus Holdings SPC	3	305,200	2.27%	0.30%	1.97%	0.29%
LBC HK Opportunity Fund Limited ("**Lake Bleu**")	3	305,200	2.27%	0.30%	1.97%	0.29%
Dream'ee (Hong Kong) Open-ended Fund Company ("**Dream'ee HK Fund**")	3	305,200	2.27%	0.30%	1.97%	0.29%
Factorial Master Fund ("**FMF**")	3	305,200	2.27%	0.30%	1.97%	0.29%
Oasis Investments II Master Fund Ltd. ("**Oasis Fund**")	3	305,200	2.27%	0.30%	1.97%	0.29%
	Total	**5,596,000**	**41.63%**	**5.43%**	**36.18%**	**5.32%**

Name of the cornerstone investor	Total Investment Amount[(1)] (in USD millions)	Number of Offer Shares to be subscribed[(2)]	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
Based on the Offer Price of HK$81.25 (the mid-point of the indicative Offer Price range)						
Oaktree	10	964,300	7.17%	0.93%	6.24%	0.91%
Alphahill Capital Limited	10	964,300	7.17%	0.93%	6.24%	0.91%
HARVEST GLOBAL INVESTMENTS LIMITED	8	771,400	5.74%	0.75%	4.99%	0.73%
CDH Global	7	675,000	5.02%	0.65%	4.37%	0.64%
E Fund	5	482,100	3.59%	0.47%	3.12%	0.46%
Eurus Holdings SPC	3	289,300	2.15%	0.28%	1.87%	0.27%
Lake Bleu	3	289,300	2.15%	0.28%	1.87%	0.27%
Dream'ee HK Fund	3	289,300	2.15%	0.28%	1.87%	0.27%
FMF	3	289,300	2.15%	0.28%	1.87%	0.27%
Oasis Fund	3	289,300	2.15%	0.28%	1.87%	0.27%
	Total	**5,303,600**	**39.44%**	**5.13%**	**34.31%**	**5.00%**

Name of the cornerstone investor	Total Investment Amount[(1)] (in USD millions)	Number of Offer Shares to be subscribed[(2)]	Assuming the Over-allotment Option is not exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate % of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate % of our total issued share capital immediately upon completion of the Global Offering
Based on the Offer Price of HK$85.50 (the high-end of the indicative Offer Price range)						
Oaktree	10	916,400	6.82%	0.89%	5.93%	0.87%
Alphahill Capital Limited	10	916,400	6.82%	0.89%	5.93%	0.87%
HARVEST GLOBAL INVESTMENTS LIMITED	8	733,100	5.45%	0.71%	4.74%	0.70%
CDH Global	7	641,400	4.77%	0.62%	4.15%	0.61%
E Fund	5	458,200	3.41%	0.44%	2.96%	0.43%
Eurus Holdings SPC	3	274,900	2.05%	0.27%	1.78%	0.26%
Lake Bleu	3	274,900	2.05%	0.27%	1.78%	0.26%
Dream'ee HK Fund	3	274,900	2.05%	0.27%	1.78%	0.26%
FMF	3	274,900	2.05%	0.27%	1.78%	0.26%
Oasis Fund	3	274,900	2.05%	0.27%	1.78%	0.26%
	Total	**5,040,000**	**37.52%**	**4.90%**	**32.61%**	**4.78%**

Notes:

(1) Exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

(2) Subject to rounding down to the nearest whole board lot of 100 Shares. Calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering—Exchange Rate Conversion."

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Oaktree

OAKTREE CAPITAL MANAGEMENT, L.P. ("**Oaktree**") is the investment manager of Oaktree Emerging Markets Equity Fund, L.P. and certain funds and separately managed accounts within its Emerging Markets Equity strategy (severally and not jointly) (each, an "**Oaktree Fund**", and collectively the "**Oaktree Funds**"). Oaktree Emerging Markets Equity Fund, L.P. had 47 limited partners as of May 31, 2026, and other than an institutional investment portfolio, no limited partner holds 30% or more interests in Oaktree Emerging Markets Equity Fund, L.P. as of May 31, 2026, while the other Oaktree Funds are also managed by Oaktree in its sole discretion. Oaktree is a Delaware limited partnership and is registered as an investment adviser with the United States Securities and Exchange Commission. Oaktree is a global investment management firm managing a broad array of complementary strategies in four asset classes: credit, private equity, real assets and listed equities, and maintains a contrarian, value-oriented investment philosophy. Oaktree's investor base includes institutional investors such as pension plans, insurance companies, sovereign wealth funds, endowments and foundations. Brookfield Corporation, a company publicly listed on the New York Stock Exchange (ticker symbol: BN) and the Toronto Stock Exchange (ticker symbol: BN), is the only ultimate beneficial owner that indirectly holds an economic interest of more than 30% in Oaktree as of May 31, 2026.

Alphahill Capital Limited

Alphahill Capital Limited ("Alphahill Capital"), on a discretionary basis, acting for and on behalf of Alphahill Future Fund, Alphahill Capital China Focus Fund, Manifold Master Fund and York House Investment I Limited in the capacity as the investment manager, is a licensed corporation incorporated in Hong Kong. It is regulated by the SFC and holds licences for Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The principal business of Alphahill Capital is asset management.

Alphahill Capital has sole discretion over the investment decision in the investment funds. Alphahill Future Fund is held approximately 35% by Maverick Asia Limited ("Maverick") with no other investors holding 30% or more interest therein. The ultimate beneficial owner of Maverick is Wang Xinting, an Independent Third Party, who holds 50% interest of Maverick and no other person holds 30% or more interest of Maverick. Alphahill China Capital Focus Fund is held approximately 36% by Tiantu Investments Limited ("Tiantu") with no other investors holding 30% or more interest therein. The ultimate beneficial owner of Tiantu is a listed entity, Tian Tu Capital Co Ltd (1973.HK) and no other person holds 30% or more interest of Tiantu. None of the beneficial investors in Manifold Master Fund holds 30% or more interest. York House Investment I Limited is wholly owned by Mr. Leung Chi Kit. Alphahill Capital is an Independent Third Party.

HARVEST GLOBAL INVESTMENTS LIMITED

HARVEST GLOBAL INVESTMENTS LIMITED (嘉實國際資產管理有限公司) ("**HGI**") was established in Hong Kong in 2008 and is licensed by the SFC to conduct the regulated activities of asset management, advising on securities, and dealing in securities. HGI has nearly two decades of experience in discretionary asset management serving institutional and retail clients.

HGI is the wholly-owned subsidiary of Harvest Financial Group Limited ("**HFG**") since July 2024, and HFG is the wholly-owned subsidiary of Harvest Fund Management Co., Ltd ("**HFM**"). HFM is owned as to 40% by China Credit Trust Co. Ltd (中誠信託有限責任公司) (which is in turn held as to 32.9% by The People's Insurance Company (Group) of China Limited (中國人民保險集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601319) and the Stock Exchange (stock code: 1339)), 30% by Lixin Investment Co., Ltd. (立信投資有限責任公司) and 30% by DWS Investments Singapore Limited. HFM was established as one of the first asset management companies in China in 1999. Since then, HFM has grown into one of the largest asset managers in China. The Harvest group (namely HFM and HGI) had approximately USD265 billion of assets under management as of end of December 2025.

HGI's on-the-ground team understands how policy decisions impact local markets, the complexities of risk on-shore and off-shore and have their finger on the pulse of companies primed for quantum growth. HGI's investment and management teams combine top-pedigree international experience with intimate knowledge of Chinese markets. At the investment level, as the forefront of Harvest Fund's overseas investments, HGI has always adhered to HFM's progressive and steady investment philosophy, embracing the resource sharing of the integrated investment research system and the investment management process centered on "research-driven investment", and built an investment management team with comprehensive management capabilities.

HGI will subscribe for the Offer Shares as cornerstone investor in its capacity as the discretionary investment manager for and on behalf of certain funds and mandate accounts. To the best of HGI's knowledge, no single ultimate beneficial owner holds 30% or more interest in the participating funds or accounts, and each of such fund or account is an independent third party.

CDH Global

CDH Global Frontier Ventures Limited ("CDH Global") is a BVI business company established under the laws of British Virgin Islands and CDH Vision Holdings Limited holds 100% of the management shares of CDH Global, which in turn is managed by CDH Investments (鼎暉投資) and is ultimately held as to 20.2% by Wu Shangzhi (吳尚志) with no other ultimate beneficial owner holding 30% or more of its interests. There are no shareholders holding 30% or more interest in CDH Global and CDH Vision Holdings Limited. CDH Investments was established in 2002 with over US$16 billion of assets under management as of December 2025 and invests across the alternative asset classes in private equity, venture and growth, private credit, public equities and real estate assets. CDH Global is an investment vehicle focusing on investments in company(ies) engaging in next-generation technology.

E Fund

E Fund Management Co., Ltd. ("**E Fund Management**"), is a leading comprehensive asset management company in the PRC. E Fund Management is a QDII approved by the relevant PRC authority and targets at companies with competitive edge over its competitors. E Fund Management is a fund manager managing assets on behalf of its underlying clients on a discretionary basis. No single ultimate beneficial owner holds 30% or more of the interests in any of the relevant funds under its management. The shareholders of E Fund Management include (1) Guangdong Finance Trust Co., Ltd. (廣東粵財信託有限公司), which is ultimately owned by The People's Government of Guangdong Province (廣東省人民政府), (2) GF Securities Co., Ltd. (廣發証券股份有限公司) ("**GF Securities**"), which is listed on the Stock Exchange (stock code: 1776) and the Shenzhen Stock Exchange (stock code: 000776), and (3) Infore Group Co., Ltd (盈峰集團有限公司), which is ultimately owned by He Jianfeng (何劍鋒), each holding 22.65% in E Fund Management. Each of Guangdong Finance Trust Co., Ltd., GF Securities, Infore Group Co., Ltd and He Jianfeng is an Independent Third Party. None of the remaining shareholders of E Fund Management owns 30% or more equity interest therein.

E FUND MANAGEMENT (HONG KONG) CO., LIMITED (易方達資產管理(香港)有限公司) ("**E Fund HK**", together with E Fund Management, "**E Fund**"), a company incorporated in Hong Kong in August 2008, is a wholly-owned subsidiary of E Fund Management. E Fund HK is licensed for Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities by the SFC. E Fund HK serves as the global investment and business platform for its parent company, E Fund Management. As E Fund Management's gateway company overseas E Fund HK strategically connects China with the overseas market. E Fund HK leverages the investment and research capabilities of E Fund Management and its competitive advantage in the overseas market to provide comprehensive and quality service to its clients.

Eurus Holdings SPC

Eurus Holdings SPC ("Eurus"), acting for and on behalf of OAAM Diversified Opportunities IV S.P. ("OAAM DO IV"), is entering into the cornerstone investment agreement with the Company. OAAM DO IV is a segregated portfolio created by and held under Eurus, a segregated portfolio company registered as a mutual fund with the Cayman Islands Monetary Authority. The management shares of Eurus are owned 100% by Carnelian Hime Holding Limited ("Carnelian") and the controlling shareholder of Carnelian is ORIX Corporation (TYO: 8591, NYSE: IX). No single ultimate beneficial owner holds 30% or more interest in OAAM DO IV. ORIX Asia Asset Management Limited ("ORIX Asia AM"), which managed by Eurus, acts as the investment manager on a discretionary basis of OAAM DO IV. No single ultimate beneficial owner holds 30% or more interest in ORIX Asia AM.

ORIX Asia AM is a key investment management platform for ORIX Corporation in the Asia-Pacific Region. ORIX Group (ORIX Corporation: TYO: 8591, NYSE: IX) was established in 1964 and has grown from its roots in leasing in Japan to become a global, diverse, and unique corporate group. Today, it is active around the world in financing and investment, life insurance, banking, asset management, real estate, concession, environment and energy, automobile-related services, industrial/ICT equipment, ships and aircraft. Since expanding outside of Japan in 1971, ORIX Group has grown its business globally and now operates in around 30 countries and regions across the world.

Lake Bleu

LBC HK Opportunity Fund Limited ("LBC HK Opportunity", together with Lake Bleu Prime Healthcare Master Fund Limited ("Lake Bleu Prime") and Lake Bleu Innovation Healthcare Master Fund Limited ("Lake Bleu Innovation"), collectively "Lake Bleu") is a long-bias fund that primarily invests in publicly traded equities across various sectors, including healthcare, as well as other industries in Hong Kong market. Lake Bleu Opportunity is dedicated to assisting its portfolio companies with value-added initiatives and has successfully supported numerous companies in achieving this goal. Recently, Lake Bleu Opportunity acts as a cornerstone investor for companies listed on the Stock Exchange including Metis TechBio Co., Ltd. (stock code 7666) and GenFleet Therapeutics (stock code 2595).

Each of Lake Bleu Prime, Lake Bleu Innovation and LBC HK Opportunity is managed by Lake Bleu Capital (Hong Kong) Limited ("Lake Bleu Capital") on a discretionary basis. There is no ultimate beneficial owner holding 30% or more interest in each of Lake Bleu Prime, Lake Bleu Innovation and LBC HK Opportunity. Bin LI (李彬), an Independent Third Party, is the ultimate beneficial owner of Lake Bleu Capital and there is no ultimate beneficial owner holding 30% or more interest therein. Lake Bleu Capital is also licensed by the SFC to carry out Type 9 regulated activities.

Dream'ee HK Fund

Dream'ee JuneBeast Fund is a sub-fund (the "**Sub-fund**") of Dream'ee (Hong Kong) Open-ended Fund Company ("**Dream'ee HK Fund**"). Dream'ee HK Fund acting on behalf of and for the account of the Sub-fund is a private open-ended fund company incorporated in Hong Kong in August 2025 as an umbrella fund governed by the SFO, primarily engaged in cornerstone investment. The investment manager of Dream'ee HK Fund is Dream'ee (Hong Kong) Capital Limited (君宜(香港)資本有限公司), a limited company incorporated in Hong Kong in February 2024, which is wholly owned by Mr. Lan Kun (蘭坤) and licensed by the SFC to conduct Type 9 (Asset Management) regulated activities in Hong Kong. As of the Latest Practicable Date, except Mr. Lan Kun, none of the investors holds 30% or more of the interest in the Sub-fund under Dream'ee HK Fund that will participate in the Global Offering. Mr. Lan Kun is an Independent Third Party.

FMF

Factorial Master Fund ("**FMF**") is managed by Factorial Management Limited ("**FML**") in its capacity as the investment manager on a discretionary basis. FML is domiciled in Hong Kong and is licensed by the SFC for the regulated activity of asset management (Type 9 license). FML is wholly owned by its founder and chief investment officer, Mr. Barun Agarwal, an Independent Third Party. Save for Mr. Barun Agarwal, no other ultimate beneficial owner of each of FMF and FML holds 10% or more of beneficial interest.

Oasis Fund

Oasis Investments II Master Fund Limited ("**Oasis Fund**") is an exempted company established in the Cayman Islands and a fund managed by Oasis Management Company Limited ("**Oasis**") on a discretionary basis with offices in Cayman, Hong Kong, Tokyo, and Austin. As of the Latest Practicable Date, Oasis was controlled by Mr. Seth Fischer, the founder and chief investment officer of Oasis and an Independent Third Party. Oasis manages capital for a largely institutional investor base made up of international institutions, banks, insurance companies, pension funds, endowments, foundations, funds of funds, family offices and high-net-worth individuals. Oasis Fund invests globally across capital structures with a focus on Asia. As of the Latest Practicable Date, no single investor held 30% or more beneficial interests in Oasis Fund or Oasis.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things and as applicable, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed pursuant to underwriting agreements and price determination agreement to be signed among the Company and the Sponsor-Overall Coordinator (for itself and on behalf of the underwriter of the Global Offering);

(iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authorities which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of Cornerstone Investors under the Cornerstone Investment Agreements are (as of the date of the Cornerstone Investment Agreements) and will be (as of the Closing (as defined in the Cornerstone Investment Agreements)) accurate, true and complete in all respects and not misleading or deceptive and that there is no material breach of the Cornerstone Investment Agreement on the part of Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that without the prior written consent of our Company, the Sole Sponsor and the Sponsor-Overall Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of Cornerstone Investors, including the Lock-up Period restriction.

To the best of our Directors' knowledge and information, the following persons will, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

		As of the Latest Practicable Date			Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
Shareholder	Nature of interest	Class of Shares	Number of Shares[(1)]	Percentage of shareholding in the total issued share capital of our Company	Class of Shares	Number of Shares[(1)]	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Zhang	Beneficial owner	Unlisted Shares	3,712,072	4.13%	H Shares	3,712,072	3.59%
	Interest in controlled corporation[(2)]	Unlisted Shares	21,098,226	23.45%	H Shares	21,098,226	20.40%
	Interest in controlled corporation[(3)]	Unlisted Shares	4,578,577	5.09%	H Shares	4,578,577	4.43%
Laifu Investment	Beneficial owner	Unlisted Shares	21,098,226	23.45%	H Shares	21,098,226	20.40%
Jieyang Information	Beneficial owner	Unlisted Shares	4,578,577	5.09%	H Shares	4,578,577	4.43%
Beta Achieve[(4)]	Beneficial owner	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Northern Light Venture Fund V, L.P.[(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Northern Light Strategic Fund V, L.P.[(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Northern Light Partners Fund V, L.P.[(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Northern Light Partners V, L.P.[(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Northern Light Venture Capital [(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
Mr. Deng Feng[(4)]	Interest in controlled corporation	Unlisted Shares	10,209,771	11.35%	H Shares	10,209,771	9.87%
CDBC Fund[(5)]	Beneficial owner	Unlisted Shares	8,995,689	10.00%	H Shares	8,995,689	8.70%
CDBC Investment[(5)]	Interest in controlled corporation	Unlisted Shares	8,995,689	10.00%	H Shares	8,995,689	8.70%
CDB Capital[(5)]	Interest in controlled corporation	Unlisted Shares	8,995,689	10.00%	H Shares	8,995,689	8.70%
National MTU Fund[(5)]	Interest in controlled corporation	Unlisted Shares	8,995,689	10.00%	H Shares	8,995,689	8.70%

		As of the Latest Practicable Date			Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
Shareholder	Nature of interest	Class of Shares	Number of Shares(1)	Percentage of shareholding in the total issued share capital of our Company	Class of Shares	Number of Shares(1)	Approximate percentage of shareholding in the total issued share capital of our Company
Guozhong SME Fund(6)	Beneficial owner	Unlisted Shares	6,715,833	7.47%	H Shares	6,715,833	6.50%
Guozhong Capital(6)	Interest in controlled corporation	Unlisted Shares	6,715,833	7.47%	H Shares	6,715,833	6.50%
Mr. Shi Anping(6) .	Interest in controlled corporation	Unlisted Shares	6,715,833	7.47%	H Shares	6,715,833	6.50%
Rushan Huian(7) . .	Beneficial owner	Unlisted Shares	6,259,616	6.96%	H Shares	6,259,616	6.05%
Zhejiang Rushan Huijin Private Equity Fund Management Co., Ltd. (浙江如山匯金私募基金管理有限公司)(7) . . .	Interest in controlled corporation	Unlisted Shares	6,259,616	6.96%	H Shares	6,259,616	6.05%
Zijin Mining Group Company Limited (紫金礦業集團股份有限公司)(7)	Interest in controlled corporation	Unlisted Shares	6,259,616	6.96%	H Shares	6,259,616	6.05%
Dun' an Industrial(7) . . .	Interest in controlled corporation	Unlisted Shares	6,259,616	6.96%	H Shares	6,259,616	6.05%
Dunan Holding Group Co., Ltd. (盾安控股集團有限公司) (7). . . .	Interest in controlled corporation	Unlisted Shares	6,259,616	6.96%	H Shares	6,259,616	6.05%
Redview(8)	Beneficial owner	Unlisted Shares	5,453,345	6.06%	H Shares	5,453,345	5.27%
Redview Capital II L.P.(8)	Interest in controlled corporation	Unlisted Shares	5,453,345	6.06%	H Shares	5,453,345	5.27%

Notes:

(1) All interests stated are long positions.

(2) Laifu Investment directly held 21,098,226 Shares in our Company, whose general partner is controlled by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 21,098,226 Shares held by Laifu Investment for purpose of Part XV of the SFO.

(3) Jieyang Information, our employee share ownership platform, directly held 4,578,577 Shares in our Company, whose general partner is Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 4,578,577 Shares held by Jieyang Information for purpose of Part XV of the SFO.

(4) As of the Latest Practicable Date, Beta Achieve is owned by Northern Light Venture Fund V, L.P., Northern Light Strategic Fund V, L.P. and Northern Light Partners Fund V, L.P. The three limited partnerships are exempted limited partnerships established in the Cayman Islands and are managed by Northern Light Partners V, L.P. which is managed by Northern Light Venture Capital V, Ltd. ("Northern Light Venture Capital") as its general partner. Norther Light Venture Capital is a company

controlled by Mr. Deng Feng. Therefore, each of Northern Light Venture Fund V, L.P., Northern Light Strategic Fund V, L.P., Northern Light Partners Fund V, L.P., Norther Light Partners V, L.P., Northern Light Venture Capital and Mr. Deng Feng is deemed to be interested in the Shares held by Beta Achieve under the SFO.

(5) As of the Latest Practicable Date, the general partner of CDBC Fund is CDBC Investment Fund Management Co., Ltd. (國開投資基金管理有限責任公司) ("CDBC Investment"), which is wholly owned by China Development Bank Capital Co., Ltd (國開金融有限責任公司) ("CDB Capital"). The only limited partner of CDBC Fund is National Manufacturing Transformation and Upgrade Fund Co., Ltd. (國家製造業轉型升級基金股份有限公司) ("National MTU Fund"), holding 99.80% partnership interests in CDBC Fund. Therefore, each of CDBC Investment, CDB Capital and National MTU Fund is deemed to be interested in the Shares held by CDBC Fund under the SFO.

(6) As of the Latest Practicable Date, the general partner of Guozhong SME Fund is Shenzhen Guozhong Venture Capital Management Co., Ltd. (深圳國中創業投資管理有限公司) ("Guozhong Capital"), a company which is ultimately controlled by Mr. Shi Anping (施安平). None of the limited partners holds 30% or more partnership interest in Guozhong SME Fund. Therefore, each of Guozhong Capital and Mr. Shi Anping is deemed to be interested in the Shares held by Guozhong SME Fund.

(7) As of the Latest Practicable Date, the general partner of Rushan Huian is Zhejiang Rushan Huijin Private Equity Fund Management Co., Ltd. (浙江如山匯金私募基金管理有限公司), which is ultimately owned and controlled by Zijin Mining Group Company Limited (紫金礦業集團股份有限公司) (stock code: 601899.SZ and 02899.hk). The largest limited partner is Zhejiang Dun'an Industrial Co., Ltd. (浙江盾安實業有限公司) ("Dun'an Industrial"), holding 43.33% partnership interest in Rushan Huian. Dun'an Industrial is wholly owned and controlled by Dunan Holding Group Co., Ltd. (盾安控股集團有限公司). None of the other 13 limited partners holds 30% or more partnership interest in Rushan Huian. Therefore, each of Zhejiang Rushan Huijin Private Equity Fund Management Co., Ltd. (浙江如山匯金私募基金管理有限公司), Zijin Mining Group Company Limited (紫金礦業集團股份有限公司), Dun'an Industrial and Dunan Holding Group Co., Ltd. (盾安控股集團有限公司) is deemed to be interested in the Shares held by Rushan Huian.

(8) As of the Latest Practicable Date, Redview is ultimately controlled by Redview Capital II L.P., which is a private fund registered in the Cayman Islands. Therefore, Redview Capital II L.P. is deemed to be interested in the Shares held by Redview.

Save as disclosed above and in "Statutory and General Information" in Appendix VI to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of our Group.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, including the notes thereto included in the Accountants' Report set out in Appendix I to this prospectus. You should read the entire Accountants' Report in Appendix I to this prospectus and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are a provider of core components for robotic precision transmission in China. Enabling robots to achieve accurate movement and interaction, precision transmission solutions are experiencing growing market demand, driven by accelerated market adoption of robotics. We offer a product portfolio spanning from harmonic reducers, joint modules and robotic arms to automated workstations. Our products enable applications primarily of humanoid robots and industrial robots. Our strength stems from our expertise in harmonic reducers, a type of technical component in precision transmission solutions, and is underpinned by our in-house R&D capabilities. We ranked No. 2 among all the robotic harmonic reducer providers in China, in terms of shipment volume in 2025, with a market share of 21.4%, and ranked No. 2 in terms of revenue, with a market share of 12.9%, according to the CIC Report. As of December 31, 2025, we were one of the two domestic manufacturers that had achieved deliveries and mass production of harmonic reducers applied in the humanoid robot industry, according to the same source.

We have established technology advantages through years of operation. Specifically, our harmonic reducers achieved positioning precision of ±15 arcseconds with service life exceeding 10,000 hours in 2025. We have built core competencies in product design, electric actuation and drive, and production technologies, enabling us to serve various precision transmission applications in welding, handling, spraying, assembly and sorting. Our products have achieved recognition within the industry for performance and are now being primarily delivered to domestic customers, and to a much lesser extent, international markets, including Europe, the United States, Japan and Korea. We are evolving from a provider in harmonic reducers to a comprehensive provider of precision transmission solutions, extending the application of our technology to a broader market.

We generate revenue primarily from the provision of harmonic reducers and other precision components, joint modules, robotic arms, and automated workstations. Our revenue amounted to RMB94.5 million, RMB107.7 million and RMB260.9 million in 2023, 2024 and 2025, respectively. We recorded gross profit of RMB27.9 million, RMB25.9 million and RMB66.9 million in 2023, 2024 and 2025, respectively, and loss for the year of RMB168.8 million, RMB168.8 million and RMB170.6 million in the same respective periods.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the robotic precision transmission core component industry. These factors include macroeconomic trends, industry development, downstream demands, competitive landscape and government policies. Benefiting from the explosive growth of the downstream robotics industry, China's robotic precision reducer continues to expand. The market size of China's robotic precision reducer is projected to grow from approximately RMB3.5 billion in 2025 to around RMB23.1 billion in 2030, achieving a CAGR of approximately 45.9%. Among these, harmonic reducers have become the main choice for the evolution of robot design toward lightweight, compact and higher-precision applications. According to the CIC Report, China's harmonic reducer market size is expected to grow rapidly, from RMB1.3 billion in 2025 to RMB13.4 billion in 2030, with a CAGR of approximately 59.8%. According to the same source, the harmonic reducer industry is projected to experience strong expansion driven by structural upgrades in manufacturing and the increasing pace of domestic substitution. This favorable industry backdrop has supported the continual growth of our revenue during the Track Record Period. See "—Period to Period Comparison of Results of Operations." Leading market participants in the harmonic reducer industry are improving cost efficiency through technological and process innovations, including vertically integrated raw material processing, minimizing repeated forging and machining steps and enhancing automated production flows. In addition, in anticipation of accelerated market growth, to capture incremental demand arising from the fast-growing robotics industry and to further expand our market share, we proactively deployed production capacity by hiring more production personnel in advance of near-term demand and implemented strategic pricing adjustments for certain harmonic reducer products during the Track Record Period. We adopted such pricing strategies to facilitate customer acquisition, accelerate order volume growth and enhance our competitive positioning as the market entered a phase of rapid expansion. As a result, the gross profit margin of our harmonic reducers and other precision components declined from 29.9% in 2023 to 24.6% in 2025. See "—Period to Period Comparison of Results of Operations." Going forward, our profitability will continue to be influenced by industry development and competition, our ability to advance technological and process innovation and our capacity to realize economies of scale as the harmonic reducer industry expands.

In addition to these general factors, our results of operations are affected by the following company-specific factors:

Our Ability to Expand and Enhance Our Product Portfolio

Our ability to offer a comprehensive portfolio of robotic precision transmission and automated workstations is one of the primary factors affecting out financial conditions and results of operation. Since our inception, we have focused on the development and production of harmonic reducers. Leveraging our proprietary know-how and manufacturing capabilities, we have built a comprehensive portfolio a broad range of harmonic reducers covering different sizes ranging from 13 mm to 246 mm, achieving hundreds of SKUs, commissioning and after-sales service for humanoid and industrial robot scenarios. As our business expanded, we broadened our product portfolio beyond harmonic reducers, in which we integrated harmonic reducers with torque motors and drivers to form joint modules and began providing assembly services for robotic arms. We commenced revenue generation from our joint modules and robotic arms in 2022. In addition, we provide automated workstations that support processing technologies and software systems, enabling our customers to build comprehensive automated workstations. Our automated workstations commenced revenue generation in 2025. Driven by our continued expansion of product portfolio, our revenue increased by 13.9% from RMB94.5 million in 2023 to RMB107.7 million in 2024, and increased significantly from RMB107.7 million in 2024 to RMB260.9 million in 2025.

We aim to further enrich our product portfolio and maintain a strong focus on high-margin product categories. By continuously refining our product mix and leveraging technological innovation, we are committed to sustaining robust financial performance and driving long-term growth. However, complex manufacturing processes, lengthy R&D progresses and trial-and-error cycles may delay the launch of high-margin products, which could adversely affect our financial performance. In addition, fluctuations in product demand, changes in market dynamics and increasing competitive pressures may also impact our financial performance.

Our Ability to Reinforce Our Customer Relationship and Develop Our Customer Base

Our products are made to order and cater to the different needs of our customers. Therefore, our results of operations have been and are expected to continue to be affected by our ability to solidify and deepen our relationship with our customers. Our relationship with customers depends on a wide array of factors, including the attractiveness of our products based on their benefits and costs to customers, the availability and relative advantages of alternative products from our competitors, and the specific demand of our customers, over which we have limited control. We must continually reinforce our customer relationship in view of such factors, so that we can ensure their procurement from us, maintain our market share and competitive advantages and price our products effectively. To this end, we developed strong non-standard product technology capabilities, enabling precise alignment between product technology and customer needs.

Moreover, our results of operations and sustainable growth are also influenced by the breadth and depth of our customer base. Our customers currently consist of direct sales customers in the fields of humanoid robots, industrial robots and other automation equipment and distributors. For instance, in 2023, 2024 and 2025, our revenue generated from our top five customers in each year during the Track Record Period accounted for 29.3%, 37.7% and 42.3% of our total revenue for such period, respectively. Therefore, our ability to maintain favorable and stable relationship with such customers is important to our financial performance. We expect to further expand our customer base along with the proliferation of each business line, which could diversify our revenue streams and improve our resilience.

Our Technological Advantages and R&D Capabilities

We believe that research and development is pivotal to our long-term development. We have accumulated advanced product design and precision development capabilities and developed a series of key manufacturing technologies that enable us to produce products for diverse industry verticals with high precision and reliable quality. For example, we have strong non-standard product technology capabilities, enabling precise alignment between product technology and customer needs. Our technology capabilities precisely meet the core requirements of affordability, lightweight, high precision and long service life for humanoid robots. Our proprietary tooth profile design optimizes contact stress to enhance efficiency while reducing noise, wear, and stress concentration for greater accuracy, load capacity, and durability. By leveraging our proprietary tooth profile design capability, we are able to design gear geometries that are compatible with advanced machining processes such as gear skiving, a machining process which can slash core component processing time from two to three hours to under 15 minutes, an eightfold efficiency gain, enabling scalable production that drives progressive unit cost reductions as volume grows. Meanwhile, our harmonic reducers achieve a positioning accuracy of ±15 arcseconds and a service life exceeding 10,000 hours, which is comparable to internationally leading competitors in terms of rigidity, efficiency and backlash, fully meeting the core requirements of high precision and high reliability for embodied and industrial robots. These efforts have contributed to the success of our products and our competitive advantages, and, in turn, our historical performance.

We have steadily invested and will commit to investing in our research and development efforts to upgrade our products and advance our technological competitive edge. In 2023, 2024 and 2025, our research and development expenses amounted to RMB31.7 million, RMB33.3 million and RMB49.2 million, respectively, accounting for 33.5%, 30.9% and 18.9% of our total revenue for the same respective period. Going forward, we expect to continue to invest substantial resources in our research and development efforts, including harnessing our research and development team with relevant knowledge, expertise and acumen, and engaging in R&D activities for product development, upgrades and extension and technology enhancements. As a result, our research and development expenses may fluctuate along with, among others, development progress of our new products and the recruitment, retention and incentivization of our R&D personnel. To the extent that we increase our investments in R&D personnel and activities, our research and development expenses may increase in absolute amount and/or as a percentage of our total revenue and operating expenses. In addition, our R&D activities come with uncertainties in the process and outcome, and we may not predict the results of and return on such investment, which may in turn affect our results of operations.

Our Production Capacity and Utilization Rate

Our results of operations depend on our ability to fulfill customer orders, which partly depends on our production capacity and utilization rate. We plan production capacity with prudence and foresight. We have been expanding our production capacity during the Track Record Period. Our new production facility commenced its operation in August 2025, with approximately 47,000 square meter site area, positioning us to meet surging demand for humanoid robots. In 2023, 2024 and 2025, our designed production capacity for the production of harmonic reducers in our leased production facility in Shaoxing was 161.3 thousand units, 167.0 thousand units and 145.9 thousand units, respectively, and our designed production capacity for the production of harmonic reducers in our Shaoxing production facility was 176.4 thousand units in 2025. Our mass production consistency continues to improve, reaching the performance level of leading industry products. Furthermore, a higher capacity utilization rate results in lower marginal cost of each unit of products produced. We will constantly monitor our capacity utilization rate to ensure the effective use of our production capacity.

Our Ability to Manage Costs and Expenses and Maintain Operational Efficiency

We maintain in-house production for key production processes including primarily heat treatment, precision machining, and gear machining, supporting consistent quality and stable delivery schedules. Our ability to achieve profitability and sustainable growth depends in part on our management of cost of sales. In 2023, 2024 and 2025, our cost of sales was RMB66.7 million, RMB81.8 million and RMB194.0 million, respectively, accounting for 70.5%, 75.9% and 74.4% of our revenue for the same periods, respectively. Our cost of sales primarily consists of cost of materials, manufacturing overhead costs, labor costs and outsourced costs. Changes in any major component of our cost of sales and our overall cost structure could have an impact on our gross profit and gross profit margin. To mitigate such impact, we seek to upgrade our manufacturing technologies to improve our production efficiency and material utilization rate, thereby lowering cost of materials, manufacturing overhead costs and labor costs. In particular, our cost of materials accounted for 33.7%, 33.1% and 57.1% of our total cost of sales for 2023, 2024 and 2025, respectively. Given the nature of our products, we primarily follow a made-to-order procurement model, in which materials are purchased based on confirmed customer orders. As a result, our cost of materials depends in part on the particular needs of customers for the products ordered, and our ability to maintain a robust, resilient and efficient supply chain and harness our relationship with suppliers, and is also affected changes in the supply chain, such as the price fluctuations and availability of the raw materials. In addition, to the extent that there are any material fluctuations of our labor costs and manufacturing overhead costs, such as due to changes in the supply and demand of the labor market, the improvements of manufacturing techniques and upgrades of production lines and purchase and implementation of new manufacturing equipment, our cost of sales may also be affected.

Our profit margin is also affected by our operating expenses, which primarily comprised selling and marketing expenses, administrative expenses and research and development expenses during the Track Record Period. We formulate, implement and constantly monitor the execution of financial budgets that enable us to accomplish effective control of our operating expenses in parallel with the growth of our business scale. As we continue to expand our business, we expect to continually maintain our operating expenses at reasonable levels corresponding to our growth, and, in the long term, realize greater economies of scale that further optimizes our cost structure and improves our profitability.

Supply Chain Management

Effective management of supply chain contribute to our success. Our suppliers primarily consist of (1) providers of raw materials, such as steel, alloys, components and bearings used in the production of our products; and (2) suppliers offering forging and turning services for parts and components. We typically enter into framework agreements with our suppliers and have established long-term and stable partnerships with them. Such arrangements enable us to better coordinate production planning, manage procurement schedules and maintain a relatively stable supply of raw materials and components. Our established supplier relationships allow us to respond more efficiently to changes in customer demand and production requirements. Nevertheless, the prices of the raw materials and components are generally subject to volatility caused by external factors beyond our control, such as market supply and demand. As a result, any material increase in market prices of our major raw materials and components, or disruptions in the supply chain, may adversely affect our profitability.

Seasonality

Our business operations are subject to seasonality. Our sales performance tends to be stronger in the fourth quarter of each year, primarily because our customers typically conduct equipment and process testing during the second quarter and complete the majority of their annual capital expenditure in the third and fourth quarters, leading to our stronger sales in the second half of the year, especially the fourth quarter. Our sales performance and production activities tend to be relatively weak in the first quarter of each year, primarily due to the Chinese New Year holidays, while gradually recover during the second quarter. This seasonality pattern may cause our results of operations to fluctuate from period to period.

BASIS OF PREPARATION

The historical financial information have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2 to the Accountants' Report in Appendix I to this prospectus.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 27 to the Accountants' Report in Appendix I to this prospectus.

MATERIAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are material to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Results may differ from these estimates under different assumptions and conditions.

Our management continually evaluates such estimates, assumptions and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances.

We set forth below accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this prospectus.

Revenue from contracts with customers

Revenue from sales of products

We principally generate revenue from sales of harmonic reducers and other precision components, joint modules, robotic arms and automated workstations products. We are the principal for our revenue transactions and recognized revenue on a gross basis. In determining whether we act as a principal or as an agent, we consider whether we obtain control of the products before they are transferred to the customers. Control refers to our Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognized when the customer takes possession of and accepts the products. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Revenue from rendering of services

Revenue from rendering of services is recognized at a point in time when the service is provided and accepted by the customer.

Property, Plant and Equipment

Our property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction as well as interest charges during the periods of construction.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

Property	20 years
Equipment and machinery	10 years
Vehicles	4 years
Computer and office equipment	3 years
Leasehold improvements	Shorter of useful lives or lease terms

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value. Cost is calculated using the weighted average cost and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Credit Losses and Impairment of Assets

Credit losses from financial instruments

We recognize a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables, other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts. The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which our Group is exposed to credit risk. ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

We measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables always measured at an amount equal to lifetime ECLs.

See Note 2(i)(i) of the Accountants' Report in Appendix I to this prospectus.

Redemption Liabilities

A contract that contains an obligation to purchase our Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if our Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount, on a present value basis, our Company could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognized in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right. The redemption liability is classified as current as our Company does not have an unconditional right to defer payments beyond 12 months from the reporting date.

Accounting Judgments and Estimates

Provision for expected credit losses on trade receivables

Our Group calculated the expected credit losses for trade receivables taking account into the default event, historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate. The assessment of the correlation among historical loss rates and forecast economic conditions is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. Our 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.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss items for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)					
Revenue	94,545	100.0	107,714	100.0	260,867	100.0
Cost of sales	(66,688)	(70.5)	(81,787)	(75.9)	(194,004)	(74.4)
Gross profit	**27,857**	**29.5**	**25,927**	**24.1**	**66,863**	**25.6**
Other net income	7,383	7.8	8,573	8.0	6,186	2.4
Selling and marketing expenses	(6,285)	(6.6)	(6,437)	(6.0)	(9,205)	(3.5)
Administrative expenses	(18,214)	(19.3)	(16,050)	(14.9)	(29,933)	(11.5)
Research and development expenses	(31,694)	(33.5)	(33,267)	(30.9)	(49,231)	(18.9)
Impairment loss on trade and other receivables	(1,927)	(2.0)	(1,685)	(1.6)	(8,189)	(3.1)
Loss from operations	**(22,880)**	**(24.2)**	**(22,939)**	**(21.3)**	**(23,509)**	**(9.0)**
Finance costs	(855)	(0.9)	(787)	(0.7)	(2,050)	(0.8)
Change in the carrying amount of redemption liabilities	(145,050)	(153.4)	(145,050)	(134.7)	(145,050)	(55.6)
Loss before taxation	**(168,785)**	**(178.5)**	**(168,776)**	**(156.7)**	**(170,609)**	**(65.4)**
Income tax	–	–	–	–	–	–
Loss for the year	**(168,785)**	**(178.5)**	**(168,776)**	**(156.7)**	**(170,609)**	**(65.4)**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with the IFRS Accounting Standards, we also use adjusted net loss (non-IFRS measure) and EBITDA (non-IFRS measure)/adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, the IFRS Accounting Standards. We believe that such non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net loss (non-IFRS measure) and EBITDA (non-IFRS measure)/adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

We define adjusted net loss (non-IFRS measure) as loss for the year adjusted for (1) listing expenses, as such expenses are related to the Global Offering, (2) change in the carrying amount of redemption liabilities, which will be converted into equity of the Company upon Listing, and (3) equity-settled share-based payments expenses which are non-cash expenses arising from the share incentives that we grant to employees. The following table sets out a reconciliation from adjusted net loss (non-IFRS measure) to loss for the year which is presented in accordance with the IFRS Accounting Standards.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss for the year	**(168,785)**	**(168,776)**	**(170,609)**
Add: Listing expenses	–	–	13,436
Add: Change in the carrying amount of redemption liabilities	145,050	145,050	145,050
Add: Equity-settled share-based payments expenses	–	–	3,222
Adjusted net loss (non-IFRS measure)	**(23,735)**	**(23,726)**	**(8,901)**

We define EBITDA (non-IFRS measure) as net loss for the year adjusted by adding (1) finance costs; (2) depreciation charge; and (3) amortization cost of intangible assets, and subtracting interest income on deposits. We add back (1) listing expenses, (2) change in the carrying amount of redemption liabilities, and (3) equity-settled share-based payments expenses to EBITDA (non-IFRS measure) to derive adjusted EBITDA (non-IFRS measure). The following table reconciles EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) to our net loss for the year presented in accordance with IFRS Accounting Standards for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Reconciliation of loss for the year to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure)			
Loss for the year	(168,785)	(168,776)	(170,609)
Add:			
– Finance costs	855	787	2,050
– Depreciation charge of property, plant and equipment and right-of-use assets	21,162	21,662	23,530
– Amortization cost of intangible assets	1,417	1,503	1,646
Less:			
– Interest income on deposits	(3,981)	(3,249)	(1,455)
EBITDA (non-IFRS measure)	(149,332)	(148,073)	(144,838)
Add:			
– Listing expenses	–	–	13,436
– Change in the carrying amount of redemption liabilities	145,050	145,050	145,050
– Equity-settled share-based payments expenses	–	–	3,222
Adjusted EBITDA (non-IFRS measure)	**(4,282)**	**(3,203)**	**16,870**

Our net loss during the Track Record Period was primarily a result of the combination of the following factors: (1) the downstream markets of our products remained in a growth stage with demand being released gradually; (2) in anticipation of the growing market demand, we made early investments in production capacity, resulting in higher costs such as depreciation and manufacturing overhead costs; (3) our significant R&D efforts, which led to research and development expenses of RMB31.7 million, RMB33.3 million and RMB49.2 million in 2023, 2024 and 2025, respectively; and (4) the change in the carrying amount of redemption liabilities of RMB145.1 million in 2023, 2024 and 2025, respectively.

KEY COMPONENTS OF OUR CONSOLIDATED INCOME STATEMENTS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of (1) harmonic reducers and other precision components; (2) joint modules; (3) automated workstations; and (4) robotic arms. See "Business—Our Products." In 2023, 2024 and 2025, our revenue was RMB94.5 million, RMB107.7 million and RMB260.9 million, respectively. The following table sets forth a breakdown of our revenue by product type for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Harmonic reducers and other precision components[(1)]	92,498	97.8	103,406	96.0	167,143	64.1
– Harmonic reducers	91,620	96.9	103,088	95.7	166,529	63.9
– Other precision components	878	0.9	318	0.3	615	0.2
Joint modules and robotic arms	907	1.0	2,873	2.7	68,491	26.2
– Joint modules	907	1.0	2,873	2.7	44,187	16.9
– Robotic arms	–	–	–	–	24,304	9.3
Automated workstations	–	–	–	–	24,464	9.4
Others[(2)]	1,140	1.2	1,435	1.3	769	0.3
Total	**94,545**	**100.0**	**107,714**	**100.0**	**260,867**	**100.0**

(1) Other precision components primarily include bearings and flanges. Such precision components constitute essential and functionally interdependent parts required for the physical integration and operational performance of harmonic reducers. We only provide such precision components as accessories for specific harmonic reducer orders to meet custom installation needs. We do not offer them as separate product lines or sell them on their own. Based on the foregoing, we group harmonic reducers together with such precision components.

(2) Others primarily represent the provision of heat treatment services, which refers to a metal thermal process within our production cycle. For details, see "Business—Production—Production Process." We provide such services to third parties primarily to utilize our spare heat treatment processing capacity.

The following table sets forth a breakdown of our revenue of harmonic reducers by product size for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Large-sized harmonic reducers[(1)]	90,880	99.2	101,049	98.0	153,829	92.4
Small-sized harmonic reducers[(2)]	740	0.8	2,039	2.0	12,700	7.6
Total	**91,620**	**100.0**	**103,088**	**100.0**	**166,529**	**100.0**

(1) Large-sized harmonic reducers refer to models with a size above 52 mm.

(2) Small-sized harmonic reducers refer to models with a size of 52 mm or below.

The following table sets forth a breakdown of our revenue by geographic market based on the location at which the goods were delivered or the services were provided for the periods indicated.

	Years ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Chinese Mainland	91,925	97.2	103,091	95.7	253,874	97.3
Overseas[(1)]	2,620	2.8	4,623	4.3	6,993	2.7
Total	**94,545**	**100.0**	**107,714**	**100.0**	**260,867**	**100.0**

(1) Primarily include Europe, the United States, Japan and Korea. European countries primarily include Estonia, Greece, Poland and the Netherlands.

Cost of Sales

In 2023, 2024 and 2025, our cost of sales was RMB66.7 million, RMB81.8 million and RMB194.0 million, respectively, representing 70.5%, 75.9% and 74.4% of our revenue for the same periods, respectively. Our cost of sales primarily consists of (1) cost of materials, mainly including steels, bearings and machined parts; (2) manufacturing overhead costs, primarily including consumables, utilities, equipment maintenance expenses and depreciation; (3) labor costs, mainly representing salaries, bonuses and other benefits for our production personnel; and (4) outsourced costs, mainly representing external processing fees. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Cost of materials	22,435	33.7	27,088	33.1	110,850	57.1
Manufacturing overhead costs	26,565	39.8	28,082	34.3	40,886	21.1
Labor costs	14,407	21.6	22,601	27.7	35,690	18.4
Outsourced costs	2,625	3.9	2,790	3.4	3,572	1.8
Others[(1)]	656	1.0	1,226	1.5	3,005	1.6
Total	**66,688**	**100.0**	**81,787**	**100.0**	**194,004**	**100.0**

(1) Others primarily represent transportation cost and inventories write down.

Gross Profit and Gross Profit Margin

In 2023, 2024 and 2025, our gross profit was RMB27.9 million, RMB25.9 million and RMB66.9 million, respectively, representing gross profit margin of 29.5%, 24.1% and 25.6%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB)	(%)	(RMB)	(%)	(RMB)	(%)
	(RMB in thousands, except for percentages)					
Harmonic reducers and other precision components[(1)]	27,632	29.9	25,530	24.7	41,047	24.6
Joint modules and robotic arms[(2)]	(595)	(65.7)	124	4.3	17,494	25.5
Automated workstations	–	–	–	–	8,050	32.9
Others[(3)]	820	71.9	273	19.0	272	35.3
Total	**27,857**	**29.5**	**25,927**	**24.1**	**66,863**	**25.6**

(1) Other precision components primarily include bearings and flanges.

(2) We incurred gross loss and gross loss margin for our joint modules and robotic arms in 2023, mainly because we incurred substantial cost and expenditure such as modeling at the early stage of our product manufacturing.

(3) Others primarily represent the provision of heat treatment services.

Sensitivity analysis

The following sensitivity analysis illustrates the effects of hypothetical fluctuation in our costs of materials and manufacturing overhead costs, respectively, on our gross profit for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Costs of materials			
+5%/-5%	1,122/(1,122)	1,354/(1,354)	5,543/(5,543)
+10%/-10%	2,244/(2,244)	2,709/(2,709)	11,085/(11,085)
Manufacturing overhead costs			
+5%/-5%	1,328/(1,328)	1,404/(1,404)	2,044/(2,044)
+10%/-10%	2,657/(2,657)	2,808/(2,808)	4,089/(4,089)

Other Net Income

We recorded other net income of RMB7.4 million, RMB8.6 million and RMB6.2 million in 2023, 2024 and 2025, respectively. Our other net income primarily consist of (1) government grants in relation to development and construction of property, plant and equipment, which are one-off in nature; (2) interest income on deposits; (3) net realized and unrealized gain on financial assets measured at FVPL in relation to structured deposits; (4) net loss on disposal of property, plant and equipment and right-of-use assets; and (5) net foreign exchange gains or losses. The following table sets forth a breakdown of our other net income for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Government grants	3,959	6,615	8,058
Interest income on deposits	3,981	3,249	1,455
Net realized and unrealized gain on financial assets measured at FVPL	2,163	–	495
Net loss on disposal of property, plant and equipment and right-of-use assets	(2,782)	(1,781)	(4,218)
Net foreign exchange (loss)/gain	(242)	(204)	213
Others	304	694	183
Total	**7,383**	**8,573**	**6,186**

Selling and Marketing Expenses

In 2023, 2024 and 2025, our selling and marketing expenses were RMB6.3 million, RMB6.4 million and RMB9.2 million, respectively, representing 6.6%, 6.0% and 3.5% of our revenue for the same periods, respectively. Our selling and marketing expenses primarily consist of (1) staff costs, mainly representing salaries, bonuses and other benefits for our sales personnel; (2) prototype expenses, mainly representing costs incurred for the provision of customer sample units, which is a significant part of our sales efforts; (3) business development expenses, mainly representing marketing and exhibition costs, and traveling expenses; and (4) share-based payments. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Staff costs	3,296	52.4	3,165	49.1	3,031	32.9
Prototype expenses	805	12.8	1,448	22.5	1,746	19.0
Business development expenses	1,991	31.7	1,420	22.1	2,350	25.5
Share-based payments	–	–	–	–	1,740	18.9
Others[(1)]	193	3.1	404	6.3	338	3.7
Total	**6,285**	**100.0**	**6,437**	**100.0**	**9,205**	**100.0**

(1) Others primarily include office expenses and depreciation and amortization.

Administrative Expenses

In 2023, 2024 and 2025, our administrative expenses were RMB18.2 million, RMB16.1 million and RMB29.9 million, respectively, representing 19.3%, 14.9% and 11.5% of our revenue for the same periods, respectively. Our administrative expenses primarily consist of (1) staff costs, mainly representing salaries, bonuses and other benefits for our administrative personnel; (2) depreciation and amortization expenses; (3) office expenses and business development expenses; (4) professional service expenses, mainly relating to audit expenses and legal service expenses; (5) listing expenses in relation to the Global Offering; and (6) share-based payments. The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Staff costs	10,357	56.9	10,036	62.5	9,926	33.2
Depreciation and amortization	3,513	19.3	2,653	16.5	2,258	7.5
Professional service expenses	1,969	10.8	1,114	7.0	1,798	6.0
Office expenses and business development expenses	1,914	10.5	1,876	11.7	1,252	4.2
Listing expenses	–	–	–	–	13,436	44.9
Share-based payments	–	–	–	–	429	1.4
Others[(1)]	461	2.5	371	2.3	836	2.8
Total	**18,214**	**100.0**	**16,050**	**100.0**	**29,933**	**100.0**

(1) Others primarily include utility costs and tax and surcharges.

Research and Development Expenses

In 2023, 2024 and 2025, our research and development expenses were RMB31.7 million, RMB33.3 million and RMB49.2 million, respectively, representing 33.5%, 30.9% and 18.9% of our revenue for the same periods, respectively. Our research and development expenses primarily consist of (1) staff costs, mainly representing salaries, bonuses and other benefits for our research and development personnel; (2) material and consumables; (3) depreciation and amortization expenses; (4) technical service fees, mainly including services fees associated with our research and development projects with academic institutes; and (5) share-based payments.

The following table sets forth a breakdown of our research and development expenses for the periods indicated.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB in thousands, except for percentages)					
Staff costs	14,460	45.6	16,780	50.4	19,362	39.4
Material and consumables	11,384	35.9	9,833	29.6	17,987	36.5
Depreciation and amortization	3,628	11.5	3,813	11.5	6,365	12.9
Technical services fees	1,328	4.2	1,992	6.0	1,537	3.1
Share-based payments	–	–	–	–	785	1.6
Others[(1)]	894	2.8	849	2.5	3,195	6.5
Total	**31,694**	**100.0**	**33,267**	**100.0**	**49,231**	**100.0**

(1) Others primarily include traveling expenses, utility costs and other miscellaneous expenses.

Finance Costs

Our finance costs primarily consist of interest on bank loans and interest on lease liabilities. In 2023, 2024 and 2025, our finance costs amounted to RMB0.9 million, RMB0.8 million and RMB2.1 million, respectively.

Change in the Carrying Amount of Redemption Liabilities

We had change in the carrying amount of redemption liabilities of RMB145.1 million, RMB145.1 million and RMB145.1 million in 2023, 2024 and 2025, respectively. Such item mainly represented the accrued interests on the redemption liabilities. See Note 22 of the Accountants' Report in Appendix I to this prospectus.

Income Tax Expense

In 2023, 2024 and 2025, we recorded income tax expense of nil in each of the respective periods.

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), our Company and subsidiaries incorporated in the PRC are subject to the CIT at a rate of 25%, unless otherwise specified. Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high technology enterprise ("HNTE") are entitled to a preferential income tax rate of 15%. Our Company obtained certificate of HNTE on December 8, 2023, with a validity period of three years and therefore, is entitled to a preferential income tax rate of 15% for the years from 2023 to 2025.

During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding disputes or unresolved tax issues with the relevant tax authorities.

For details, see Note 7 to the Accountants' Report in Appendix I to this prospectus.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared to Year ended December 31, 2024

Revenue

Our revenue increased by 142.2% from RMB107.7 million in 2024 to RMB260.9 million in 2025, primarily due to the increases in revenue from harmonic reducers and other precision components, joint modules, robotic arms, and automated workstations.

- ***Harmonic reducers and other precision components***. Our revenue from harmonic reducers and other precision components increased by 61.6% from RMB103.4 million in 2024 to RMB167.1 million in 2025, mainly driven by (1) the rising demand across the robotics industry, particularly in humanoid and industrial robot applications; and (2) our sustained competitive advantages in proprietary technology, continuous product development and established sales network. The sales volume of our harmonic reducers increased from 142.8 thousand units in 2024 to 291.5 thousand units in 2025.

- ***Joint modules.*** Our revenue from joint modules increased significantly from RMB2.9 million in 2024 to RMB44.2 million in 2025, primarily due to the increase in the sales volume of our joint modules, driven by our active market promotion and customer exploration. The sales volume of our joint modules increased from 1,181 units in 2024 to 6,246 units in 2025.

- ***Robotic arms.*** Our revenue from robotic arms increased from nil in 2024 to RMB24.3 million in 2025, primarily because we expanded from selling standalone joint modules to offering fully assembled and debugged robotic arms in 2025, driven by customer demand.

- ***Automated workstations.*** Our revenue from automated workstations increased from nil in 2024 to RMB24.5 million in 2025, primarily because we commenced batch sales and initial commercialization of our integrated software and hardware automated workstations in 2025.

Cost of sales

Our cost of sales increased significantly from RMB81.8 million in 2024 to RMB194.0 million in 2025, which was generally in line with the revenue growth in the same respective periods, driven by the growth of our sales volume over the same periods. In particular, the percentage of our cost of materials over the cost of sales increased from 33.1% in 2024 to 57.1% in 2025, primarily due to a shift in our product mix, as we introduced new product offerings such as joint modules and robotic arms, which have higher material costs compared to that of harmonic reducers.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 157.9% from RMB25.9 million in 2024 to RMB66.9 million in 2025. Our gross profit margin increased from 24.1% in 2024 to 25.6% in 2025.

- ***Harmonic reducers and other precision components***. The gross profit margin of our harmonic reducers and other precision components remained relatively stable at 24.7% and 24.6% in 2024 and 2025, respectively. Although the ASP of our harmonic reducers decreased from RMB722 in 2024 to RMB571 in 2025, such decrease was primarily due to a higher proportion of small-sized harmonic reducers sold. As the product mix shifted, both ASP and unit cost declined proportionally, allowing gross profit margin to remain relatively stable. For details, see "Business—Our Products."

- ***Joint modules and robotic arms.*** The gross profit margin of our joint modules and robotic arms increased from 4.3% in 2024 to 25.5% in 2025, primarily because our increased sales volumes of our joint modules and robotic arms, resulting in improved unit costs efficiencies.

- ***Automated workstations.*** The gross profit margin of our automated workstations increased from nil in 2024 to 32.9% in 2025, primarily due to the launch and commercialization of our automated workstations in 2025.

Other net income

Our other net income decreased by 27.8% from RMB8.6 million in 2024 to RMB6.2 million in 2025, primarily due to (1) the increase in net loss on disposal of property, plant and equipment and right-of-use assets, in connection with our relocation of our production facilities; and (2) the decrease in interest income from deposits, mainly because of decreases in our bank deposit balances and deposit interest rates.

Selling and marketing expense

Our selling and marketing expenses increased by 43.0% from RMB6.4 million in 2024 to RMB9.2 million in 2025, primarily due to (1) the increase in prototype expenses, mainly resulting from our enhanced sales of our robotic arms and our effort to accommodate changing customers' needs and explore new application scenarios, which is a significant part of our sales efforts; and (2) the increase in business development expenses, mainly because we implemented more proactive sales and marketing initiatives in 2025 for the promotion of our products and exploration of overseas markets.

Administrative expenses

Our administrative expenses increased by 86.5% from RMB16.1 million in 2024 to RMB29.9 million in 2025, primarily due to the listing expenses related to the Global Offering.

Research and development expenses

Our research and development expenses increased by 48.0% from RMB33.3 million in 2024 to RMB49.2 million in 2025, primarily due to (1) the increase in material and consumable costs, driven by the needs of our R&D activities and projects for our products; (2) the increase in our staff costs, driven by the increase in the headcount of our research and development personnel; and (3) the increase in others, driven by the increase in the traveling expenses, due to our more frequent on-site visits to customers for collaboration and new functions development.

Change in the carrying amount of redemption liabilities

Our change in the carrying amount of redemption liabilities RMB145.1 million in 2024 and 2025, respectively.

Loss for the year

As a result of the foregoing, our loss for the year increased slightly from RMB168.8 million in 2024 to RMB170.6 million in 2025, primarily due to (1) the increase in R&D expenses; and (2) the listing expenses related to the Global Offering, partially offset by the increase in our gross profit, which was generally in line with our revenue growth.

Adjusted net loss (non-IFRS measure)

We recorded adjusted net loss (non-IFRS measure) of RMB23.7 million in 2024 and RMB8.9 million in 2025. See "—Results of Operations—Non-IFRS Measures" for a reconciliation of our net loss to adjusted net loss (non-IFRS measure).

Year ended December 31, 2024 Compared to Year ended December 31, 2023

Revenue

Our revenue increased by 13.9% from RMB94.5 million in 2023 to RMB107.7 million in 2024, primarily due to the increase in revenue from harmonic reducers and other precision components, and joint modules and robotic arms.

- ***Harmonic reducers and other precision components***. Our revenue from harmonic reducers and other precision components increased by 11.8% from RMB92.5 million in 2023 to RMB103.4 million in 2024, mainly driven by our expanding business scale, leading to increased sales of our products. The sales volume of our harmonic reducers and other precision components increased from 115.3 thousand units in 2023 to 142.8 thousand units in 2024.

- ***Joint modules.*** Our revenue from joint modules increased significantly from RMB0.9 million in 2023 to RMB2.9 million in 2024, primarily due to the transition of our joint modules from product R&D finalization to mass production in 2024, leading to increased sales volume. The sales volume of our joint modules increased from 451 units in 2023 to 1,181 units in 2024.

Cost of sales

Our cost of sales increased by 22.6% from RMB66.7 million in 2023 to RMB81.8 million in 2024, primarily due to the increase in labor cost, in which we hired more production personnel in anticipation of downstream growing demand.

Gross profit and gross profit margin

As a result of the forgoing, our gross profit decreased from RMB27.9 million in 2023 to RMB25.9 million in 2024. Our gross profit margin decreased from 29.5% in 2023 to 24.1% in 2024, primarily due to the decrease in the gross profit margin of our harmonic reducers and other precision components.

- ***Harmonic reducers and other precision components***. The gross profit margin of our harmonic reducers and other precision components decreased from 29.9% in 2023 to 24.7% in 2024, primarily due to (1) our hiring of more production personnel in anticipation of downstream growing demand, and (2) our strategic price adjustments for our harmonic reducers to gain a greater market share. Accordingly, the ASP of our harmonic reducers decreased from RMB795 in 2023 to RMB722 in 2024. For details, see "Business—Our Products."

- ***Joint modules and robotic arms.*** We recorded gross loss margin of 65.7% of our joint modules and robotic arms in 2023 and recorded gross profit margin of 4.3% in 2024, primarily because the sales volume of our joint modules and robotic arms increased from 451 units in 2023 to 1,181 units in 2024, resulting in improved unit cost efficiency.

Other net income

Our other net income increased by 16.1% from RMB7.4 million in 2023 to RMB8.6 million in 2024, primarily due to the increase in government grants, mainly because we had relatively more one-off government grants in 2024, partially offset by the decrease in net realized and unrealized gain on financial assets measured at FVPL.

Selling and marketing expenses

Our selling and marketing expenses were relatively stable at RMB6.3 million and RMB6.4 million in 2023 and 2024, respectively.

Administrative expenses

Our administrative expenses decreased from RMB18.2 million in 2023 to RMB16.1 million in 2024, primarily due to (1) the decrease in office expenses and business development expenses, driven by our optimization of office expenditure to improve operational efficiency, and (2) the decrease in professional service expenses, mainly due to our previous A-share listing attempt in 2023.

Research and development expenses

Our research and development expenses remained relatively stable at RMB31.7 million and RMB33.3 million in 2023 and 2024. The slight increase was mainly due to the increase in staff costs, primarily due to the increase in the headcount of our research and development personnel.

Change in the carrying amount of redemption liabilities

Our change in the carrying amount of redemption liabilities were RMB145.1 million and RMB145.1 million in 2023 and 2024, respectively.

Loss for the year

As a result of the foregoing, our loss for the year was RMB168.8 million and RMB168.8 million in 2023 and 2024, respectively.

Adjusted net loss (non-IFRS measure)

We recorded adjusted net loss (non-IFRS measure) of RMB23.7 million in 2023 and 2024, respectively. See "—Results of Operations—Non-IFRS Measures" for a reconciliation of our net loss to adjusted net loss (non-IFRS measure).

DISCUSSION OF CERTAIN BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	122,257	161,705	219,476
Right-of-use asset	29,748	22,555	18,913
Intangible assets	3,895	3,119	1,832
Other non-current assets	5,290	7,976	14,887
Time deposits with banks	–	40,632	41,702
Total non-current assets	**161,190**	**235,987**	**296,810**
Total current assets	**316,822**	**261,029**	**425,234**
Total current liabilities	**959,577**	**1,147,753**	**1,427,027**
Net current liabilities	**(642,755)**	**(886,724)**	**(1,001,793)**
Total assets less current liabilities	**(481,565)**	**(650,737)**	**(704,983)**
Non-current liabilities			
Interest-bearing borrowings	–	7,300	91,128
Lease liabilities	7,479	715	864
Deferred income	12,898	11,966	23,656
Total non-current liabilities	**20,377**	**19,981**	**115,648**
Net liabilities	**(501,942)**	**(670,718)**	**(820,631)**
Capital and reserves			
Share capital	87,924	87,924	89,957
Reserves	(589,866)	(758,642)	(910,588)
Total deficit	**(501,942)**	**(670,718)**	**(820,631)**

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

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current assets				
Inventories	74,289	86,895	111,521	132,717
Trade and other receivables	84,657	94,951	238,537	249,537
Time deposits with banks	10,000	–	–	–
Financial assets measured at FVPL	–	–	35,078	37,200
Restricted cash	463	8,422	6,345	5,404
Cash and cash equivalents	147,413	70,761	33,753	22,477
Total current assets	**316,822**	**261,029**	**425,234**	**447,335**

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current liabilities				
Interest-bearing borrowings	18,228	32,353	104,813	158,544
Trade and other payables	22,377	46,269	111,458	93,507
Contract liabilities	597	1,754	2,634	2,823
Lease liabilities	1,075	5,027	722	756
Redemption liabilities	917,300	1,062,350	1,207,400	818,142
Total current liabilities	**959,577**	**1,147,753**	**1,427,027**	**1,073,772**
Net current liabilities	**(642,755)**	**(886,724)**	**(1,001,793)**	**(626,437)**

Our net current liabilities increased from RMB642.8 million as of December 31, 2023 to RMB886.7 million as of December 31, 2024, primarily due to (1) the increase in redemption liabilities, and (2) the decrease in cash and cash equivalents. Our net current liabilities increased from RMB886.7 million as of December 31, 2024 to RMB1,001.8 million as of December 31, 2025, primarily due to (1) the increase in redemption liabilities, (2) the increase in trade and other payables, and (3) the increase in interest-bearing borrowings partially offset by the increase in trade and other receivables. Our net current liabilities decreased from RMB1,001.8 million as of December 31, 2025 to RMB626.4 million as of April 30, 2026, primarily due to the decrease in redemption liabilities.

We intend to improve our net current liabilities position through the following measures: (1)(i) optimizing our collection terms by negotiating with customers for shorter credit periods and more favorable payment conditions; (ii) implementing stringent credit assessments by establishing a customer credit evaluation system to engage only with customers of sound credit standing; and (iii) enhancing the collection of outstanding receivables by formulating collection procedures, regularly monitoring long-aged receivables, and taking legal actions where necessary, (2)(i) optimizing our trade payable management by negotiating with suppliers for extended payment terms or more favorable payment arrangements; (ii) establishing stable relationships with high-quality suppliers to secure more competitive procurement prices and payment terms; and (iii) strictly implementing payment approval procedures to ensure accuracy and timeliness of payments and avoid unnecessary fund outflows, and (3)(i) strengthening our inventory management by maintaining appropriate inventory levels to reduce inventory backlog and capital occupation; and (ii) enhancing inventory turnover analysis by conducting regular evaluations and promptly addressing slow-moving inventories. Specifically, we expect to enhance our inventory management through the following measures: (1) adjust our manufacturing schedule considering our sales forecasts, inventory balance and safety stock requirement; (2) dynamically adjust our safety stock level; (3) enhance our communication mechanism with customers to minimize the effect of seasonal fluctuations on the demand side on our inventory level; and (4) timely identify and manage any obsolete stock, including appropriate disposal of relevant stock.

Property, Plant and Equipment

Our property, plant and equipment consist primarily of (1) property, mainly representing our production facilities; (2) equipment and machinery; (3) leasehold improvements; (4) vehicles; (5) computer and office equipment; and (6) construction in progress, mainly representing construction of our Shaoxing Production Facility and equipment and machineries awaiting acceptance. The following table sets forth the carrying amount of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property	–	–	67,972
Equipment and machinery	104,228	106,688	142,837
Leasehold improvements	6,541	4,285	240
Vehicles	686	732	423
Computer and office equipment	1,120	1,040	877
Construction in progress	9,682	48,960	7,127
Total	**122,257**	**161,705**	**219,476**

Our property, plant and equipment increased from RMB122.3 million as of December 31, 2023, to RMB161.7 million as of December 31, 2024, primarily due to the increase in construction in progress, mainly due to our construction of Shaoxing Production Facility. Our property, plant and equipment further increased from RMB161.7 million as of December 31, 2024 to RMB219.5 million as of December 31, 2025, primarily due to (1) the increase in property, mainly due to the ongoing construction of our Shaoxing Production Facility and the subsequent transfer to property and equipment and machinery upon construction completion; and (2) the increase in equipment and machinery, mainly due to new equipment purchases for our expanding business operation, partially offset by the decrease in construction in progress.

Right-of-use Assets

Our right-of-use assets consist primarily of land use rights and leased offices. Our right-of-use assets decreased from RMB29.7 million as of December 31, 2023 to RMB22.6 million as of December 31, 2024, primarily due to termination of some of our leased offices. Our right-of-use assets further decreased to RMB18.9 million as of December 31, 2025, primarily due to the depreciation of land use rights and leased offices.

Intangible Assets

Our intangible assets consist primarily of patent and software. Our intangible assets decreased from RMB3.9 million as of December 31, 2023 to RMB3.1 million as of December 31, 2024, and then to RMB1.8 million as of December 31, 2025, primarily due to amortization of intangible assets.

Impairment Assessment for Non-financial Assets

During the Track Record Period, we reviewed the carrying amounts of our non-financial assets, which mainly comprise the property, plant and equipment, right-of-use assets and intangible assets, to determine whether there is any indication of impairment according to the accounting policy as set out in Note 2(i)(ii) to the Accountants' Report in Appendix I to this prospectus.

During the Track Record Period, we recorded net losses primarily because we were in a stage of rapid business expansion, with demand in our growing markets emerging only gradually, while we made early investments in production capacity and invested heavily in R&D, all of which was within the expectations of our Directors. We expect to continuously narrow our losses in the foreseeable future along with our business growth. We have reviewed the internal and external sources of information and didn't identify any impairment indications on our non-financial assets. Thus, our Directors concluded that there was no impairment needed for the non-financial assets as of December 31, 2023, 2024 and 2025.

Inventories

Our inventories consist primarily of (1) raw materials, which mainly consisted of blanks and steel, standard fasteners, screws, nuts, steel balls, and consumable tools for machining such as blades; (2) work in progress; and (3) finished goods. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials	14,724	17,518	27,606
Work in progress	44,284	50,428	64,291
Finished goods	15,132	18,704	19,534
Goods in transit	149	245	90
Total	**74,289**	**86,895**	**111,521**

Our inventories increased by 17.0% from RMB74.3 million as of December 31, 2023 to RMB86.9 million as of December 31, 2024, and further increased by 28.3% to RMB111.5 million as of December 31, 2025, mainly because the increases in our work in progress and materials, as we prepared relevant stock for the coming sales orders, which was due to our expanded scale of business operations and sales.

There is no material impairment issue for our inventories primarily because our inventories are mainly hardware products with a relatively long storage cycle. Inventories are mainly consumed in line with our expected revenue growth and customer delivery schedules. We recorded write-down of inventories during the Track Record Period, primarily because the decline in the net realizable value of the inventories were identified due to (1) decline in contract price, and (2) obsolescence due to product iteration, which was immaterial as compared with our inventories balance. We evaluate market demand and sales trends for each product to identify potential declines in value. Such process includes reviewing historical sales data and current market conditions. Additionally, we incorporate market forecasts and inventory levels to estimate potential impairment loss for individual products, considering factors such as obsolescence, excess inventory and declining sales prices. Therefore, we are of the view that we had made sufficient provision on our inventories as of December 31, 2025.

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

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	58,847	70,729	90,179
One to two years	14,038	13,219	17,697
Over two years	2,154	3,697	5,094
Less: write down of inventories	(750)	(750)	(750)
Total	**74,289**	**86,895**	**111,521**

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

	Year ended December 31,		
	2023	2024	2025
Inventory turnover days[(1)]	376	355	184

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 360 days for a given year).

Our inventory turnover days decreased from 376 days in 2023 to 355 days in 2024, and further decreased to 184 days in 2025, primarily due to our increased sales volumes, as well as a higher contribution from joint modules and robotic arms, which generally have shorter inventory turnover days than harmonic reducers, as the formers are assembled from harmonic reducers and other components, and therefore have relatively shorter production cycles, resulting in faster inventory turnover. Notwithstanding the above, our inventory turnover days remained relatively long during the Track Record Period, primarily due to (1) our vertically integrated production model, which necessitates holding inventory across multiple stages of the production process; and (2) our wide range of product specifications and certain customized product offerings, which require us to maintain safety stock and work-in-process inventory to meet diverse customer requirements in a timely manner. Furthermore, according to the CIC Report, it is an industry norm for manufacturers in the harmonic reducer industry to have relatively long inventory turnover days due to the inherently lengthy production cycle from order placement to actual production.

As of April 30, 2026, RMB31.5 million or approximately 28.3% of our inventories as of December 31, 2025 had been subsequently consumed or sold.

Trade and Other Receivables

Our trade and other receivables mainly represented (1) trade and bills receivables; (2) prepaid listing expenses; (3) deposits and prepayments; and (4) other receivables, mainly representing deposits and prepayments, value added tax ("VAT") recoverable and others.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Gross amount of trade receivables	66,404	80,924	219,768
Bills receivables, measured at amortized cost	9,356	10,590	15,342
Less: loss allowance	(3,667)	(5,048)	(12,929)
Trade and bills receivables	72,093	86,466	222,181
Bills receivable, measured at FVOCI	2,139	433	1,824
Prepaid listing expenses	–	–	1,941
Deposits and prepayments	7,547	5,855	10,491
VAT recoverable	2,508	1,394	1,539
Other receivables	370	803	561
Total	**84,657**	**94,951**	**238,537**

Our trade and other receivables increased from RMB84.7 million as of December 31, 2023 to RMB95.0 million as of December 31, 2024, and further increased to RMB238.5 million as of December 31, 2025, primarily due to the increase in gross amount of trade receivables and bill receivables, which was generally in line with our increase in revenue over the same period.

Our deposits and prepayments increased from RMB5.9 million as of December 31, 2024 to RMB10.5 million as of December 31, 2025, primarily due to the increase in advance payments for raw materials procured for the production of the joint modules and robotic arms as well as automated workstations, in which we commenced batch sales in 2025.

We generally grant our customers credit terms of up to 180 days. The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade receivables turnover days[(1)]	201	246	207

(1) The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 360 days for a given year).

Our trade receivables turnover days increased from 201 days in 2023 to 246 days in 2024, primarily due to our decision to extend the credit term for customers with long-term relationship with us and good credit profile. Our trade receivables turnover days decreased from 246 days in 2024 to 207 days in 2025, mainly as a result of our enhanced management of trade receivables and collection effort. Our trade receivables turnover days remained relatively long during the Track Record Period, primarily because (1) we generally grant a credit period of up to 180 days to our major customers. This credit policy is in line with the industry practice of the harmonic reducer industry, where downstream manufacturers often face lengthy project inspection and settlement cycles, according to the CIC Report and (2) we provide further credit flexibility to customers with proven creditworthiness and substantial procurement scales. We believe such arrangements are conducive to strengthening our market position and fostering long-term strategic partnerships.

The following table sets forth an aging analysis of our trade and bills receivables based on the receivable recognition date and net of loss allowance as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	69,620	77,707	213,125
One to two years	2,473	8,693	7,840
Over two years	–	66	1,216
Total	**72,093**	**86,466**	**222,181**

We believe there is no recoverability issue with our trade receivables, primarily because (1) we assess our customers' credit quality carefully and regularly, taking into account their business background, the general risks associated with their industries, their financial position, past experience and other factors, (2) our credit policy is in line with the industry practice of the harmonic reducer industry, where downstream manufacturers often face lengthy project inspection and settlement cycles, according to the CIC Report, and (3) we have dedicated internal teams which are responsible for close and regular monitoring of the credit profiles, operating and financial conditions of our customers and taking appropriate proactive follow-up actions to ensure the customers' payments are made as scheduled.

Long cash conversion cycle and cashflow mismatch

We have a relatively long cash conversion cycle. Our cash conversion cycle, calculated as inventory turnover days in each year plus the trade receivable turnover days in the respective period minus the trade payables turnover days in the respective period, was 528 days, 538 days and 325 days in 2023, 2024 and 2025, respectively, which was largely driven by (1) our inventory turnover days at 376 days, 355 days and 184 days for the same periods, respectively; and (2) trade receivables turnover days at 201 days, 246 days and 207 days for the same periods, respectively. During the Track Record Period, we had relatively high inventory turnover days, primarily due to (1) our vertically integrated production model; and (2) our wide range of product specifications and certain customized product offerings. According to the CIC Report, it is an industry norm for manufacturers in the harmonic reducer industry to have relatively long inventory turnover days due to the inherently lengthy production cycle from order placement to actual production. During the Track Record Period, our trade receivables turnover days remained relatively long primarily because (1) we generally grant a credit period of up to 180 days to our major customers; and (2) we provide further credit flexibility to customers with proven creditworthiness and substantial procurement scales. Our trade payable turnover days were 49 days, 63 days and 66 days in 2023, 2024 and 2025, respectively. The gap between the trade receivables turnover days and trade payable turnover days may result in cashflow mismatch. For details, see "—Discussion of Certain Balance Sheet Items—Inventories," "—Discussion of Certain Balance Sheet Items—Trade and Other Receivables" and "—Discussion of Certain Balance Sheet Items—Trade and Other Payables."

Against the background of long cash conversion cycle and the mismatch of the cash receipts from trade receivables and payments for trade payables during the Track Record Period, we recorded net operating cash outflows throughout the Track Record Period. Going forward, we will continue to implement inventory management measures to enhance inventory turnover and working capital status. In addition, as our market position strengthens, we expect our bargaining power along the supply chain to increase, which would in turn improve our cash conversion cycle. For details, see "—Discussion of Certain Balance Sheet Items."

As of April 30, 2026, RMB74.2 million or approximately 35.8% of our trade receivables as of December 31, 2025 had been settled.

Financial Assets measured at FVPL

Our financial assets measured at FVPL primarily consisted of structured deposits. Our financial assets measured at FVPL amounted to nil, nil and RMB35.1 million as of December 31, 2023, 2024 and 2025, respectively.

Investment Management Policy

We believe we can make better use of our surplus cash by making appropriate investments in low-risk investment products such as structured deposits and time deposits, which generate income without interfering with our business operation or capital expenditures. We have established policies prohibiting high-risk investments. Our investment decisions with respect to financial products are made on a case-by-case basis and after due and careful consideration of a number of factors, including, but not limited to, the market conditions, the economic developments, the anticipated investment conditions, the investment cost, the duration of the investment and the expected benefit and potential loss of the investment. We have established a set of internal control measures which allow us to achieve reasonable returns on our investment while mitigating our exposure to high investment risks. These policies and measures were formulated by our senior management. We follow the principle of safeguarding capital security while balancing liquidity and moderate returns in our investment and wealth management activities.

Our investment in such wealth management products and structured deposits after the Listing will be subject to compliance with Chapter 14 of the Listing Rules.

Restricted Cash

Our restricted cash mainly represents secured deposits held in designated bank accounts for issuance of bank acceptance bills as of December 31, 2023, 2024 and 2025. Our restricted cash increased significantly from RMB0.5 million as of December 31, 2023 to RMB8.4 million, primarily due to our increased usage of bank acceptance bill. Our restricted cash then decreased from RMB8.4 million as of December 31, 2024 to RMB6.3 million as of December 31, 2025, primarily because the margin rate for issuance of bank acceptance bills decreased.

Trade and Other Payables

Our trade and other payables primarily represented (1) bills payables; (2) trade payables; (3) endorsement liabilities, mainly representing bank acceptance bills that had been endorsed and transferred to suppliers as payment, while such bills had not yet matured as of the relevant dates; and (4) payroll payables, primarily representing salaries and bonuses payable to employees. The following table sets forth the details of our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Trade payables	9,740	18,877	52,527
Bill payables	610	11,144	20,847
Payables for purchase of property, plant and equipment	2,773	6,015	7,289
Payroll payables	5,889	6,106	8,315
Accrued listing expenses	–	–	7,001
Endorsement liabilities	–	–	9,972
Others	3,365	4,127	5,507
Total	**22,377**	**46,269**	**111,458**

Our trade and other payables increased from RMB22.4 million as of December 31, 2023 to RMB46.3 million as of December 31, 2024, and further to RMB111.5 million as of December 31, 2025, primarily due to (1) an increase in trade payables, and (2) an increase in bill payables, primarily due to our enhanced bargaining power with our suppliers along with our expanded business scale and increased procurement over the same periods, which was generally in line with our sales growth.

Our endorsement liabilities increased from nil as of December 31, 2024 to RMB10.0 million as of December 31, 2025 because we endorsed the notes receivables to our suppliers to optimise the working capital since 2025. As these endorsed notes receivables do not meet the criteria for derecognition of notes receivables before the maturity, we recorded them as endorsement liabilities within trade and other payables.

The credit period with our suppliers for sales on credit is generally up to 90 days. The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Trade payables turnover days[(1)]	49	63	66

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 360 days for a given year).

Our trade payables turnover days increased from 49 days in 2023 to 63 days in 2024, primarily due to our enhanced supply chain management through our negotiations with our suppliers. Our trade payables turnover days remained relatively stable at 63 days in 2024 and 66 days in 2025.

The following table sets forth an aging analysis of our trade and bills payables based on invoice dates as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Within one year	9,961	29,404	73,317
After one year but within two years	371	472	53
After two years but within three years	18	145	1
Over three years	–	–	3
Total	**10,350**	**30,021**	**73,374**

As of April 30, 2026, RMB43.1 million or approximately 82.1% of our trade payables as of December 31, 2025 had been settled.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of property, plant and equipment, raw materials, employ expenses, R&D activities and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from equity financing, cash generated from our operations and borrowings. After the Global Offering, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net proceeds from the Global Offering. As of December 31, 2023, 2024, 2025 and April 30, 2026, we had cash and cash equivalents of RMB147.4 million, RMB70.8 million, RMB33.8 million and RMB22.5 million, respectively. As of the same dates, we had financial assets measured at FVPL of nil, nil, RMB35.1 million and RMB37.2 million, respectively. As of April 30, 2026, our committed but unutilized bank facilities was RMB271.8 million. We do not anticipate any changes to the availability of financing to fund our operations in the future. Taking into account the financial resources available to us, including our cash and cash equivalents, current portion of financial assets measured at FVPL representing structured deposits, available bank facilities and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly (1) net cash used in operating activities, (2) cash used in payments for purchase of property, plant and equipment, and intangible assets, (3) capital element of lease rentals paid, and (4) interest element of lease rentals paid. Our historical cash burn rate was RMB15.5 million for the year ended December 31, 2025. As of April 30, 2026, we had cash and cash equivalents and financial assets measured at FVPL of RMB22.5 million and RMB37.2 million, respectively. As of April 30, 2026, our committed but unutilized bank facilities was RMB271.8 million. We estimate that we will receive net proceeds of approximately HK$949.1 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK$77.00 per Offer Share, being the low-point of the indicative Offer Price range in this Prospectus. Backed by our gradually achieved economies of scale, ongoing cost control measures, improving operating leverage and improving cash management, we expect to achieve greater cost efficiency as our business scale continues to ramp up with our operating expenses under control. Assuming that the average cash burn rate going forward will be RMB17.9 million, representing approximately 1.15 times the cash burn rate level for the year ended December 31, 2025, which reflects our investment in production capacity expansion in 2025 and the continuous expansion in 2026, based on the underlying assumptions that (1) the number of our employees will not increase significantly; (2) we do not expect substantial capital investment beyond our plan; and (3) we do not expect significant acquisitions or investment, we estimate that our cash and cash equivalents and financial assets measured at FVPL, and bank facilities available for use as of April 30, 2026 will be able to maintain our financial viability for approximately 21 months or, if we take into account 10.0% of the estimated net proceeds from the Listing (namely, the portion allocated for our working capital and other general corporate purposes), approximately 27 months or, if we also take into account the estimated net proceeds from the Listing apart from the portion being allocated to the use for strategic investment or acquisition, 69 months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Loss before taxation before changes in working capital	2,106	3,023	15,731
Changes in working capital	(37,335)	(36,716)	(79,142)
Cash used in operations	(35,229)	(33,693)	(63,411)
Income tax paid	–	–	–
Net cash used in operating activities	(35,229)	(33,693)	(63,411)
Net cash generated from/(used in) investing activities	9,835	(78,096)	(152,215)
Net cash generated from financing activities	15,343	35,112	178,620
Cash and cash equivalent at January 1	157,480	147,413	70,761
Effect of foreign exchange rate changes	(16)	25	(2)
Cash and cash equivalent at December 31	147,413	70,761	33,753

We expect that our measures to improve profitability and net current liabilities will enhance our operating cash flow condition over time. We intend to optimize our collection terms by negotiating with customers for shorter credit periods and more favorable payment conditions. We also plan to enhance our trade payable management by negotiating with suppliers for extended payment terms or more favorable payment arrangements. As the measures adopted to improve our net operating cash outflow position largely overlap with those adopted to improve our net current liabilities position, please refer to "—Discussion of Certain Balance Sheet Items" for further details.

Our net cash used in operating activities decreased from RMB35.2 million in 2023 to RMB33.7 million in 2024, primarily due to an increase in contract liabilities and trade and other payables, primarily due to our enhanced bargaining power with our suppliers along with our expanded business scale and increased procurement over the same periods, partially offset by increase in inventories, primarily due to our expanded scale of business operations and sales.

Our net cash used in operating activities increased significantly from RMB33.7 million in 2024 to RMB63.4 million in 2025, primarily due to an increase in trade and other receivables, which was generally in line with our increase in revenue over the same period, partially offset by an increase in contract liabilities and trade and other payables, primarily due to our enhanced bargaining power with our suppliers along with our expanded business scale and increased procurement over the same periods, in line with our sales growth.

Net cash used in operating activities

Net cash used in operating activities was RMB63.4 million in 2025, primarily due to our loss before tax of RMB170.6 million, as adjusted by (1) certain non-cash and non-operating items, primarily including change in the carrying amount of redemption liabilities of RMB145.1 million, depreciation of property, plant and equipment of RMB19.1 million, depreciation of right-use assets of RMB4.4 million, and impairment losses on trade and other receivables of RMB8.2 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and other receivables of RMB164.3 million; and (ii) an increase in inventories of RMB20.7 million, partially offset by changes in working capital that positively affected our cash flows, primarily including (i) an increase in trade and other payables of RMB92.2 million; (ii) an increase in deferred income of RMB11.7 million; and (iii) a decrease in restricted cash of RMB2.1 million.

Net cash used in operating activities was RMB33.7 million in 2024, primarily due to our loss before tax of RMB168.8 million, as adjusted by (1) certain non-cash and non-operating items, primarily including changes in the carrying amount of redemption liabilities of RMB145.1 million, depreciation of property, plant and equipment of RMB16.8 million, depreciation of right-use assets of RMB4.9 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) an increase in inventories of RMB12.6 million; (ii) an increase in trade and other receivables of RMB19.1 million; and (iii) an increase in restricted cash of RMB8.0 million, partially offset by changes in working capital that positively affected our cash flows, primarily including an increase in trade and other payables of RMB3.9 million.

Net cash used in operating activities was RMB35.2 million in 2023, primarily due to our loss before tax of RMB168.8 million, as adjusted by (1) certain non-cash and non-operating items, primarily including changes in the carrying amount of redemption liabilities of RMB145.1 million, depreciation of property, plant and equipment of RMB14.9 million, depreciation of depreciation of right-use assets of RMB6.3 million, and (2) changes in working capital that negatively affected our cash flows, primarily including (i) an increase in trade and other receivables of RMB22.8 million; (ii) a decrease in trade and other payables of RMB5.7 million; and (iii) an increase in inventories of RMB8.6 million.

Net cash generated from/(used in) investing activities

Net cash flows used in investing activities was RMB152.2 million in 2025, primarily due to placement of financial assets measured at FVPL of RMB215.0 million, and payment for purchase of property, plant and equipment and intangible assets of RMB117.7 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB180.4 million.

Net cash flows used in investing activities was RMB78.1 million in 2024, primarily due to placement of short-term time deposits of RMB50.0 million, payment for purchase of property, plant and equipment and intangible assets of RMB48.2 million, and purchase of long-term time deposits of RMB40.0 million, partially offset by redemption of short-term time deposits of RMB60.0 million.

Net cash flows generated from investing activities was RMB9.8 million in 2023, primarily due to payment for purchase of property, plant and equipment and intangible assets of RMB62.1 million and placement of short-term time deposits of RMB30.0 million, partially offset by proceeds from disposal of financial assets measured at FVPL of RMB81.4 million.

Net cash generated from financing activities

Net cash flows generated from financing activities was RMB178.6 million in 2025, primarily due to proceeds from bank loans of RMB203.6 million, partially offset by repayment of bank loans of RMB34.8 million and capital element of lease rentals paid of RMB5.1 million.

Net cash flows generated from financing activities was RMB35.1 million in 2024, primarily due to proceeds from bank loans of RMB48.6 million, partially offset by repayment of bank loans of RMB12.1 million.

Net cash flows generated from financing activities was RMB15.3 million in 2023, primarily due to proceeds from bank loans of RMB25.7 million, partially offset by capital element of lease rentals paid of RMB9.5 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands) (Unaudited)		
Research and development expenses[1]	18,266	9,930	23,333
Workforce employment[2]	52,895	59,886	68,177
Direct production costs[3]	44,563	41,040	120,167
Product marketing[4]	3,022	2,809	4,524
Non-income taxes and surcharge	115	256	3,056

(1) Represents research and development expenses (excluding staff costs and non-cash items under research and development expenses) adjusted by changes in working capital relating to research and development expenses as of the previous and current year end.

(2) Represents sum of staff costs under research and development expenses, selling and marketing expenses and administrative expenses and labor costs under cost of sales adjusted by changes in working capital relating to staff costs and labor costs as of the previous and current year end.

(3) Represents cost of sales (excluding labor costs and non-cash items under cost of sales) adjusted by changes in working capital relating to cost of sales as of previous and current year end.

(4) Represents selling and marketing expenses (excluding staff costs and non-cash items under selling and marketing expenses) adjusted by changes in working capital relating to selling and marketing expenses as of the previous and current year end.

INDEBTEDNESS

Our indebtedness during the Track Record Period primarily consisted of loans and borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			
				(Unaudited)
Current				
Interest-bearing borrowings	18,228	32,353	104,813	158,544
Lease liabilities	1,075	5,027	722	756
Redemption liabilities	917,300	1,062,350	1,207,400	818,142
Total current	936,603	1,099,730	1,312,935	977,442
Non-current				
Interest-bearing borrowings	–	7,300	91,128	114,207
Lease liabilities	7,479	715	864	776
Total non-current	7,479	8,015	91,992	114,983
Total indebtedness	944,082	1,107,745	1,404,927	1,092,425

Interest-bearing borrowings

We recorded interest-bearing borrowings of RMB18.2 million, RMB39.7 million, RMB195.9 million and RMB272.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. The following table sets forth details of the repayable term for our loans and borrowings as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within one year	18,228	32,353	104,813
After one year but within two years	–	–	5,000
After two years but within five years	–	7,300	86,128
Total	**18,288**	**39,653**	**195,941**

The following table sets forth details of the security conditions for our loans and borrowings as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Secured loans	6,128	7,553	36,000
Unsecured loans	12,100	32,100	159,941
Total	**18,228**	**39,653**	**195,941**

As of December 31, 2023, 2024 and 2025, the bank loans of RMB6.1 million, RMB7.6 million and nil, respectively, were secured by the bills receivable.

As of December 31, 2025, the bank loans drawn down by our Group totaling RMB36.0 million were secured by the patents of our Group. The carrying amount of these patents is nil as they have not been capitalized as intangible assets.

Our interest-bearing borrowings from banks contain standard terms, conditions and covenants that are customary for commercial bank loans in China. Our Directors confirmed that we did not experience any difficulty in obtaining bank loans or other borrowings, default in payment of bank loans or other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

We had lease liabilities of RMB8.6 million, RMB5.7 million, RMB1.6 million and RMB1.5 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. Our lease liabilities were primarily related to our leases of offices and production facilities.

Redemption Liabilities

We had redemption liabilities of RMB917.3 million, RMB1,062.4 million, RMB1,207.4 million and RMB818.1 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively. During the Track Record Period, we issued financial instruments to investors in which certain investors were granted the right to require our Company to redeem their ordinary shares for cash upon certain events. We recognized our obligation to pay cash to those investors with redemption right as financial liabilities, because not all triggering events in the relevant agreements are within our control. See Note 22 of the Accountants' Report in Appendix I to this prospectus.

Our redemption liabilities increased from RMB917.3 million as of December 31, 2023 to RMB1,062.4 million as of December 31, 2024, then increased to RMB1,207.4 million as of December 31, 2025, primarily due to the increase in the accrued interests on the redemption liabilities. Our redemption liabilities then decreased to RMB818.1 million, primarily due to the decrease in the carrying amount of redemption liabilities, mainly as a result of the termination of certain redemption rights. See Note 22 of the Accountants' Report in Appendix I to this prospectus.

Indebtedness Statement

Save as disclosed above, as of December 31, 2023, 2024 and 2025 and April 30, 2026, we had no bank loans or other borrowings, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities.

Since April 30, 2026 and up to the Latest Practicable Date, there had not been any material change in our indebtedness.

CONTINGENT LIABILITIES

As of the December 31, 2023, 2024 and 2025, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of our Group that is likely to have a material and adverse effect on our business, financial condition and result of operations.

RESEARCH AND DEVELOPMENT EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our research and development expenditure primarily consisted of research and development expenses adjusted by adding back intangible assets related to research and development patent acquired from third parties and deducting amortization expenses for capitalized intangible assets included in research and development expenditure. The table below sets forth our annual and total research and development expenditure for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development expenses	31,694	33,267	49,231
Adjustments:			
Add: intangible assets related to research and development patent acquired from third parties[(1)]	160	–	–
Less: amortization expense of acquired intangible assets included in research and development expenditure[(1)]	(36)	(53)	(53)
Annual research and development expenditure	31,818	33,214	49,178
Total research and development expenditure for 2023, 2024 and 2025			114,210

(1) The adjustment does not include intangible assets acquired from third parties and capitalised, and amortization expense of capitalized intangible assets including in R&D expenditure. We did not capitalize any research and development expenses incurred during the Track Record Period, primarily because these costs relates to the research and development of new product iterations and technologies which did not meet the capitalization criteria in IAS 38.

The table below sets forth our annual and total operating expenditure for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Research and development expenses	31,694	33,267	49,231
Selling and marketing expenses	6,285	6,437	9,205
Administrative expenses	18,214	16,050	29,933
Adjustments:			
Add: intangible assets related to research and development patent acquired from third parties	160	–	–
Less: amortization expense of acquired intangible assets included in research and development expenditure	(36)	(53)	(53)
Annual total operating expenditure	56,317	55,701	88,316
Total operating expenditure for 2023, 2024 and 2025			200,334

The table below sets forth our annual research and development expenditure ratio and total research and development expenditure ratio for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Annual research and development expenditure ratio(1)	56.5%	59.6%	55.7%
Total research and development expenditure ratio(2)			57.0%

(1) Calculated by dividing annual research and development expenditure by annual total operating expenditure.

(2) Calculated by dividing annual total research and development expenditure for 2023, 2024 and 2025 by total operating expenditure for 2023, 2024 and 2025.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures during the Track Record Period primarily consisted of expenditures on purchase of property, plant and equipment and purchase of intangible asset. Our capital expenditures were RMB62.1 million, RMB48.2 million and RMB117.7 million in 2023, 2024 and 2025, respectively.

We expect to incur additional capital expenditure in 2025, primarily for the purchase of property, plant and equipment and intangible assets. We plan to fund such planned capital expenditures through our existing cash and cash generated from our operating activities. After the Listing, we expect to finance our capital expenditure through a combination of existing cash, cash generated from our operating activities, bank borrowings and net proceeds from the Global Offering. See "Future Plans and Use of Proceeds" for the portion of capital expenditures to be funded by the proceeds from the Global Offering. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions, regulatory environment and other factors we believe to be appropriate.

Capital Commitments

The following table sets forth our capital commitments in respect of property, plant and equipment as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Contracted for	17,189	10,793	38,747

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

LISTING EXPENSES

We recorded listing expenses of nil, nil and RMB13.4 million in 2023, 2024 and 2025, respectively. We expect to incur a total of approximately RMB77.2 million (HK$88.8 million) of listing expenses in connection with the Global Offering, representing approximately 8.0% of the gross proceeds from the Global Offering (assuming an Offer Price of HK$81.25, being the mid-point of the indicative Offer Price range between HK$77.00 and HK$85.50, and assuming that the Over-allotment Option is not exercised), including (1) underwriting commissions, SFC transaction levy, Stock Exchange trading fees and AFRC transaction levy for all Offer Shares of approximately RMB49.7 million (HK$57.2 million), and (2) non-underwriting related expenses of approximately RMB29.6 million (HK$34.1 million), which consist of (i) fees and expenses of legal advisors and reporting accountants of approximately RMB17.4 million (HK$20.0 million), and (ii) sponsor fee and other fees and expenses of approximately RMB12.2 million (HK$14.0 million). Approximately RMB25.9 million (HK$29.8 million) is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB53.4 million (HK$61.5 million) is expected to be recognized as a deduction in equity directly upon the Global Offering. The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time during our ordinary course of business and on terms comparable to the terms of transactions with other entities that are not related parties. During the Track Record Period, we entered into a number of related party transactions concerning Wuzhou Xinhua and Shengzhou Xinhua controlled by the immediate family member of Mr. Zhang, which involves miscellaneous purchases and sales of goods and rendering of services. We also entered into a four-year lease contract in respect of certain leasehold properties from Shengzhou Xinhua as office and manufacturing premise in 2022. See Note 28 to the Accountants' Report included in Appendix I to this prospectus for details. Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business at arm's length with reference to normal commercial terms, and would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

	As of/for the year ended December 31,		
	2023	2024	2025
Revenue growth rate[(1)]	N/A	13.9%	142.2%
Gross profit margin	29.5%	24.1%	25.6%
Current ratio[(2)]	0.3	0.2	0.3
Quick ratio[(3)]	0.3	0.2	0.2
Annual research and development expenditure ratio[(4)]	56.5%	59.6%	55.7%
Gearing ratio[(5)]	(188.1)%	(165.2)%	(171.2)%

(1) Revenue growth rate equals revenue growth divided by revenue for the previous year or period.

(2) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

(3) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.

(4) Calculated by dividing annual research and development expenditure (being our research and development expenses adjusted for intangible assets related to research and development patent acquired from third parties and amortization expense of acquired intangible assets included in research and development expenditure) by annual total operating expenditure (being our total operating expenses adjusted for intangible assets related to research and development patent acquired from third parties and amortization expense of acquired intangible assets included in research and development expenditure).

(5) The calculation of gearing ratio is based on our debt (being our interest-bearing borrowings, lease liabilities and redemption liabilities) divided by our total deficit as of the respective dates and multiplied by 100%.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to our Group. Our credit risk is primarily attributable to trade and other receivables. Our exposure to credit risk arising from cash and cash equivalents and structured deposits are limited because the counterparties are banks and financial institutions with high-credit-quality, for which our Group considers having low credit risk. For details of our credit risk exposure, including ECLs for trade receivables, see Note 26(a) to the Accountants' Report in Appendix I to this prospectus.

Liquidity Risk

Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. For details of our remaining contractual maturities at the end of each reporting period of our non-derivative financial liabilities, which are based on contractual undiscounted cash flows, see Note 26(b) to the Accountants' Report in Appendix I to this prospectus.

Interest Rate Risk

Our bank balances, other than time deposits with banks, expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The management of our Company consider our Group's exposure to interest rate risk in respect of cash and cash equivalents and interest-bearing borrowings is not material.

Currency Risk

We are not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising our Group are not material.

DIVIDENDS

We are a holding company incorporated under the laws of the PRC. We currently do not have any formal dividend policy or pre-determined dividend payout ratio. During the Track Record Period, we did not declare or pay any dividends. Any dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restriction and other factors which our Directors consider relevant. Our shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company did not have distributable reserves.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since December 31, 2025 (being the date on which the latest consolidated financial information of our Group was prepared) and there is no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See Appendix II to this prospectus for details of our unaudited pro forma adjusted consolidated net tangible assets.

FUTURE PLANS

See "Business—Our Growth Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering, will be approximately HK$1,003.3 million, assuming an Offer Price of HK$81.25 per Offer Share (being the mid-point of the indicative range of the Offer Price of HK$77.00 to HK$85.50 per Offer Share), without the exercise of the Over-allotment Option.

We currently intend to use the net proceeds from the Global Offering for the purposes and in the amounts as set out below:

- approximately 55.0% of the net proceeds, or HK$551.8 million, will be used for production facility expansion with relevant equipment procurement and production personnel recruitment in the next three years. We plan to expand our production capacity by procuring more production equipment and establishing a new production facility in Zhejiang province, with a designed annual production capacity of 800.0 thousand units of harmonic reducers, which will be in close proximity to our existing Shaoxing Production Facility. Such location selection is expected to provide operational synergies arising from the shared regional supply chain and management system, increasing operational efficiency through regional coordination. As of the Latest Practicable Date, we had not identified the specific land for the new production facility. Specifically, we plan to use:

  (1) approximately 34.4% of the net proceeds, or HK$345.6 million, to procure production equipment for our new production facility in the next three years. With respect to the production of harmonic reducers and other precision components, we plan to acquire production-related equipment, including primarily gear processing equipment, generator ellipse machining equipment. We will deploy these equipment across our key production lines to be added in the next three years, including primarily approximately 28 flexspline lines, 28 circular spline lines, 40 wave generator lines, 10 bearing production lines and three heat processing service lines. With respect to the production of our joint modules and robotic arms and automated workstations, we also plan to procure approximately 10 sets of related inspection equipment. We expect to allocate approximately 9.2%, 12.6% and 12.6% of the net proceeds for production equipment procurement in 2026, 2027 and 2028, respectively;

  (2) approximately 20.6% of the net proceeds, or HK$206.2 million, for purchase of land, construction and renovation of the new production facility, and recruitment and training of production personnel. Specifically, we plan to acquire a land parcel with land area of around 66,667 square meters, to develop a new production facility in East China with an aggregate gross floor area of around 80,000 square meters for multiple floors, subject to licences and/or approvals from the relevant authorities for the purchase of land and building construction, such as construction land planning permit. As advised by our PRC Legal Advisor, we have obtained the necessary licences and/or approvals at the current stage. As confirmed by our Directors, if the new production facility involve relevant licences and/or approvals, we will, in accordance with the requirements of laws, regulations or normative documents, obtain the necessary licences and/or approvals within the prescribed time limit. We plan to commence construction in the second half of 2026 (after the Global Offering), aiming to complete the construction and commence

operations by the end of 2027. In addition, we plan to recruit approximately 200 production personnel with production experience for harmonic reducers and other precision components, joint modules and robotic arms in the next three years to support our production capacity expansion;

Based on our experience in constructing the Shaoxing Production Facility, the construction of a production facility typically takes approximately one year. During the construction period, we would simultaneously procure the relevant production equipment, which is expected to be delivered and installed within approximately one month after completion of the construction of the new production facility. In addition, the training period for production personnel varies depending on different production processes and generally ranges from one to three months.

- approximately 20.0% of the net proceeds, or HK$200.7 million, will be used for the enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios, particularly for harmonic reducers. Specifically, we plan to use:

(1) approximately 9.3% of the net proceeds, or HK$93.6 million, to establish a high-standard R&D center in Zhejiang province, close to our Shaoxing Production Facility, enabling us to leverage the region's strong industrial ecosystem, universities and talent pool, and accelerating the R&D-to-production cycle through immediate technical feedback between the engineers and the production line. We expect to use the relevant 1.3% of the net proceeds for leases and other general expenditures, and the relevant 8.0% of the net proceeds for equipment procurement. We may be required to obtain the requisite licences and/or approvals from the relevant authorities for the new R&D center, such as the Construction Project Construction Permit. As of the Latest Practicable Date, we had not identified the specific premise for the new R&D center. As advised by our PRC Legal Advisor, we have obtained the necessary licences and approvals at the current stage. As confirmed by our Directors, if the new R&D center involves relevant licences and/or approvals, we will, in accordance with the requirements of laws, regulations or normative documents, obtain the necessary licences and/or approvals within the prescribed time limit. The R&D center will focus on product iteration, production process upgrades and software support. We plan to recruit an addition of approximately 100 R&D personnel with bachelor's degrees or above and relevant experience in the harmonic reducer industry, complemented by senior industry experts to further strengthen our technical capabilities. In addition, we plan to advance our in-house design and R&D capabilities for production tools to enhance production process stability. Specifically, we plan to conduct R&D for cutting tools for gear shaping machines, gear skiving machines and gear hobbing machines. The R&D process involves prototyping, testing, and validation before the deployment of production tools. Based on our experience in establishing two R&D centers, we expect the completion of office premises leasing and renovation of the new R&D center to take approximately three months. The relevant personnel recruitment would be carried out on an ongoing basis, with the full recruitment process expected to be completed within approximately one year. The procurement of R&D equipment is expected to take up to approximately eight months;

(2) approximately 4.3% of the net proceeds, or HK$43.5 million, to develop high-precision harmonic reducers. We plan to enrich our product portfolio and broaden our application scenarios by introducing more model variants of harmonic reducers. In particular, we plan to introduce harmonic reducers made with new materials, such as steel-aluminum composites, to better meet the lightweight and high-reliability requirements of humanoid robots; and

(3) approximately 3.2% of the net proceeds, or HK$31.8 million, to expand and diversify our product lines of joint modules and robotic arms by introducing new models and

implementing performance optimizations, to enhance our product usability, adaptability and overall market competitiveness. We plan to upgrade key hardware components such as frameless torque motors, encoders and drives to achieve higher torque density while preserving precision and longevity, thereby supporting a broader range of lightweight applications. Furthermore, we plan to develop proprietary control software to enable rapid host-system interfacing and scenario-specific motion control customization.

(4) approximately 3.2% of the net proceeds, or HK$31.8 million, to further develop our automated workstations and production processes. We plan to achieve a higher level of automation by investing in high-precision automation technologies, including the introduction of automated clamping and positioning equipment to replace manual assembly, thereby minimizing human error and improving production standardization;

Building on our enhanced R&D capabilities, we plan to strategically extend our harmonic reducer expertise from robotics into broader high-end precision transmission equipment. We will reuse technologies in high-synergy, robotic-adjacent applications such as precision assembly, inspection and material handling. Supported by a unified R&D system and flexible manufacturing, we aim to migrate core technologies across scenarios to control costs and establish ourselves as a multi-domain precision transmission solutions provider, unlocking significant new market opportunities.

- approximately 5.0% of the net proceeds, or HK$50.2 million, will be used to expand our overseas sales network. We plan to establish local offices in Europe, including Germany and Italy, to expand our distribution network by capitalizing on their highly developed industrial sectors; strengthen our presence in the United States; and enhance our existing distribution network in Japan and Korea. These efforts enable us to better provide localized customer services, including recruiting and retaining relevant sales personnel, who have working experience primarily in precision transmission components and robotics industries. More specifically, we plan to hire two to three experienced sales and marketing staff with extensive experience in overseas sales of mechanical products. The feasibility of our market entry strategies is demonstrated by (1) existing sales and established or ongoing discussions with distributors in target regions, indicating a ready market access point; (2) a clear competitive advantage through superior cost-performance compared to incumbent products that local customers currently purchase; and (3) technical viability confirmed by successful testing with leading international industry players, confirming our offerings meet rigorous market standards.

The following table sets forth the planned timeframe of the allocation of the net proceeds by year for each intended use of the net proceeds.

	2026	**2027**	**2028**	**Total**
		(HK$ in millions)		
Production facility expansion with relevant equipment procurement and production personnel recruitment	161.3	182.6	208.0	551.8
Enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios	52.4	68.0	80.3	200.7
Expand our overseas sales network	16.7	16.7	16.7	50.2

The following table sets forth the planned timeframe of the specific plans by year for each intended use of the net proceeds.

	2026	2027	2028
Production facility expansion with relevant equipment procurement and production personnel recruitment	Expand production capacity for harmonic reducers and joint modules; commence construction of the new production facility	Expand production capacity for harmonic reducers and joint modules; complete the construction and commence operations of the new production facility	Expand production capacity for harmonic reducers and joint modules
Enhancement of our R&D capabilities for product portfolio enrichment with expanded application scenarios	Site selection and R&D center leasing; equipment procurement; R&D personnel recruitment; preliminary R&D testing	Leases and equipment procurement; product iteration and development	Leases and equipment procurement; product iteration and development
Expand our overseas sales network	Establish global sales network	Establish global sales network	Establish global sales network

- approximately 10.0% of the net proceeds, or HK$100.3 million, will be used for strategic investment or acquisition of potential high-quality targets across the industry value chain in both domestic and international markets, to enhance our competitiveness and market presence. In identifying suitable targets, we will prioritize those that can deliver significant synergies, whether as upstream or downstream partners, or as companies in adjacent sectors. More specifically, we will consider factors such as quality and market potential of their products, historical operational and financial performance, team expertise, and the potential for strategic and operational synergies with our business. The target should have an operating scale of around RMB100 million. Examples of potential targets include: (1) precision transmission component manufacturers, such as those specializing in high-precision planetary reducers or RV reducers; drive control providers, which provide critical system integration components to complement our joint module offerings; (2) sensor suppliers to enhance our core component capabilities; and (3) downstream application specialists in robotic-adjacent and high-end industrial fields, to facilitate our capability-led expansion as a multi-domain precision transmission solutions provider. We expect that successful investments in and/or acquisitions of suitable targets would further enhance our technological capabilities and increase our sales in emerging industries. We expect to invest in one to three potential targets. Pursuant to our investment management procedures, we shall designate specific personnel or department or qualified institutions to perform project-specific feasibility evaluation, including the risks and returns for such investment projects. We shall also conduct due diligence of potential investees on their capital and credit profile, as well as due diligence on third-party co-investors (if any). According to the CIC Report, there are over 30.0 thousand potential targets that could meet our criteria globally. As of the Latest Practicable Date, we had not identified any potential target company for investment or acquisition. Therefore, our form of acquisition or investment (e.g., majority or minority interest) depends on our commercial negotiation with the target company and investment partners, if any.

- approximately 10.0% of the net proceeds, or HK$100.3 million, will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative price range. We will receive net proceeds of HK$949.1 million assuming an Offer Price of HK$77.00 (being the low-point of the indicative range of the Offer Price), and net proceeds of HK$1,057.6 million assuming an Offer Price of HK$85.50 (being the high-point of the indicative range of the Offer Price), without the exercise of the Over-allotment Option. Any additional proceeds received from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro rata basis. In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK$1,003.3 million (after deducting the estimated underwriting commissions and other fees and expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$81.25 per Share, being the mid-point of our indicative Offer Price range).

To the extent that the net proceeds are not immediately applied to the above purposes, we will only deposit the net proceeds into short-term interest-bearing accounts with licensed banks or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

HONG KONG UNDERWRITER

CMB International Capital Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriter. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 672,100 Hong Kong Offer Shares and the International Offering of initially 12,769,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 672,100 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been withdrawn; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriter has agreed to apply or procure applications, on the terms and conditions of this prospectus, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) shall be entitled, in their sole and absolute discretion, by notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if, prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Authority (as defined in the Hong Kong Underwriting Agreement) in or affecting Hong Kong, Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, or other jurisdictions relevant to our Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation (as defined in the Hong Kong Underwriting Agreement), equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or

(e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(f) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(g) the commencement by any Authority (as defined in the Hong Kong Underwriting Agreement) or other regulatory or political body or organization of any public action or investigation against a Group Company or a director or a senior management member of any Group Company or announcing an intention to take any such action; or

(h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group Company or the Single Largest Group of Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(i) any valid demand by creditors for payment or repayment of indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(j) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or the Single Largest Group of Shareholders or any Director or senior management members as named in this prospectus; or

(l) any contravention by any Group Company or any Director of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(m) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter):

(A) has or will or may have a material adverse effect or any development involving a prospective material adverse effect, on the profits, losses, results of operations, assets, liabilities, general affairs, business, management, performance, prospects, shareholders' equity, position or condition (financial, trading or otherwise) of our Group, taken as a whole ("**Material Adverse Effect**");

(B) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or

(C) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) that:

(a) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but save and except for the Underwriters' Information) (as defined in the Hong Kong Underwriting Agreement) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(c) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or the Single Largest Group of Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(e) any breach of any of the obligations or undertakings imposed upon our Company or any member of the Single Largest Group of Shareholders or any cornerstone investor (as applicable) to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements; or

(f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or

(g) that the chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or

(h) any Director or any member of senior management of our Company named in this prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or

(i) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(j) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(k) any person (other than any of the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(m) any person (other than the Sole Sponsor and the Sponsor-Overall Coordinator) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(n) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(o) (A) the notice of acceptance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) issued by the CSRC and/or the results of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) pursuant to the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings (as defined in the Hong Kong Underwriting Agreement) with the CSRC Rules (as defined in the Hong Kong Underwriting Agreement) or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(p) that (i) a material portion of the orders placed or confirmed in the bookbuilding process or (ii) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, as a result of the payment of the relevant investment amount not being received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for (a) pursuant to the Global Offering (including the Over-allotment Option); or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertaking by the Key Persons

Pursuant to Rule 18C.14(1) of the Listing Rules, each of the key persons and their close associates (the "Key Persons"), comprising Mr. Zhang, Laifu Investment and Jieyang Information, has irrevocably and unconditionally undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, or the Over-allotment Option, it/he shall not and shall procure that its/his respective close associates and the relevant registered Shareholder(s) controlled by it/him shall not, in the period commencing on the date by reference to which disclosure of its/his shareholdings (or its/his respective close associate's shareholdings, if applicable) in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as (i) pursuant to a pledge or charge as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, or (ii) disposing any interest in such securities of our Company in the circumstances provided under Rule 18C.15 of the Listing Rules) in respect of, any of our securities that it/he/she (or its/his respective close associate, if applicable) is shown to beneficially own in this prospectus.

In accordance with Note 2 to Rule 18C.14 of the Listing Rules, each of the Key Persons has further irrevocably and unconditionally undertaken to us and the Stock Exchange, and shall procure its/his respective close associates, that within the period commencing on the date by reference to which disclosure of its/his shareholdings (or its/his respective close associate's shareholdings, if applicable) in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he will:

(a) when it/he (or its/his respective close associate) pledges or charges any securities in our Company beneficially owned by it/him (or by its/his respective close associate) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it/he (or its/his respective close associate) receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it/him (or by its/his respective close associate) will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of the Key Persons and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules.

Undertaking by Pathfinder SIIs

Pursuant to Rule 18C.14(2) of the Listing Rules, each of the Pathfinder SIIs has irrevocably and unconditionally undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, or the Over-allotment Option, it shall not, and shall procure that the relevant registered holder(s) shall not, in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 6 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as (i) pursuant to a pledge or charge as security in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, or (ii) disposing any interest in such securities of our Company in the circumstances provided under Rule 18C.15 of the Listing Rules) in respect of, any of our securities that it is shown to beneficially own in this prospectus.

In accordance with Note 2 to Rule 18C.14 of the Listing Rules, each of the Pathfinder SIIs has further irrevocably and unconditionally undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 6 months from the Listing Date, it will:

(a) when it pledges or charges any securities in our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of the Pathfinder SIIs and make a public disclosure in relation to such information by way of an announcement in accordance with the Listing Rules.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by Our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriter and the Capital Market Intermediary that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), it will not, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) (such consent shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance under the Hong Kong Underwriting Agreement (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing specified in paragraphs (i), (ii) or (iii) above or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). Our Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Our Single Largest Group of Shareholders undertakes to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the CMIs, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter that it/he shall procure our Company to comply with the undertakings in the paragraph above.

Our Company has agreed and undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Capital Market Intermediary and the Hong Kong Underwriter that it will comply with the minimum public float requirements specified in the Listing Rules (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the Second Six Month Period without first having obtained the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter).

Undertakings by Our Single Largest Group of Shareholders

Our Single Largest Group of Shareholders have undertaken to each of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriter and the Capital Market Intermediary that, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) and unless in compliance with the requirements of the Listing Rules:

(a) it/he will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/him will not, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling twelve months after the Listing Date ("**First 12 Month Period**"), (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other Encumbrance of any kind over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, or any interest in any of the foregoing, as applicable) (the "**Relevant H Shares**"), or any interest in any company or entity holding, directly or indirectly, any of the Relevant H Shares (the "**Holding Entity**"), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Relevant H Shares or the interest in any Holding Entity, or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First 12 Month Period; and

(b) Subject to compliance with the applicable requirements under the Listing Rules, the restrictions in this paragraph shall not prevent our Single Largest Group of Shareholders from (i) purchasing additional H Shares or other securities of our Company and disposing of such additional H Shares or securities of our Company in accordance with the Listing Rules, provided that any such purchase or disposal does not contravene the lock-up arrangements with our Single Largest Group of Shareholders referred to in this paragraph or the compliance by our Company with the Minimum Public Float Requirement, and (ii) using the H Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, provided that (a) our Single Largest Group of Shareholders will immediately inform our Company and the Sponsor-Overall Coordinator in writing of such pledge or charge together with the number of H Shares or other securities of our Company so pledged or charged if and when it/he or the relevant registered holder(s) pledges or charges any H Shares or other securities of our Company beneficially owned by him, and (b) when our Single Largest Group of Shareholders receives indications, either verbal or written, from the pledgee or chargee of any H Shares that any of the pledged or charged H Shares or other securities of our Company will be disposed of, he will immediately inform our Company and the Sponsor-Overall Coordinator of such indications.

Underwriters' interest in our Group

Save for its obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our H Shares as a result of fulfilling its obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriter and the Capital Market Intermediary for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Sole Sponsor, the Sponsor-Overall Coordinator and the International Underwriter. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriter will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering (subject to, among other, any reallocation between the International Offering and the Hong Kong Public Offering).

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

The Company has agreed to indemnify the Sole Sponsor, the Sponsor-Overall Coordinator, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriter and the Capital Market Intermediary for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

Over-allotment Option

The Company is expected to grant to the International Underwriter the Over-allotment Option, exercisable by the Sponsor-Overall Coordinator on behalf of the International Underwriter at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 2,016,200 H Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering—Over-allotment Option."

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediary will receive an underwriting commission equal to 3.0% of the aggregate Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees (the "**Fixed Fees**"). Our Company may, at our sole and absolute discretion, pay to the Underwriters or Capital Market Intermediary an additional incentive fee up to 2.0% of the Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of the Fixed Fees and the Discretionary Fees (if fully paid) payable to the Underwriters and Capital Market Intermediary is approximately 39:61. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriter but will instead be paid, at the rate applicable to the International Offering, to the International Underwriter.

The aggregate underwriting commissions and fees (including the incentive fees and assuming full payment), together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK$88.8 million (assuming an Offer Price of HK$81.25 per Offer Share (being the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and no exercise of the Over-allotment Option) in aggregate, and are to be borne by us.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that the Underwriters and the Capital Market Intermediary of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates, may individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

(a) under the agreement among the Syndicate Members, all of them must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, stabilizing or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and

(b) all of them must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares, and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITERS' AND CAPITAL MARKET INTERMEDIARY'S INTEREST IN OUR GROUP

The Underwriters and the Capital Market Intermediary has no shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriter and its affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of initially 672,100 Offer Shares (subject to reallocation) in Hong Kong as described in "—The Hong Kong Public Offering" below in this section; and

(ii) the International Offering of initially 12,769,800 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in "—The International Offering" below in this section.

Investors may either apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or apply for or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The Offer Shares in the Global Offering will represent approximately 13.0% of our enlarged share capital immediately after the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 14.7% of the enlarged issued share capital the Company immediately following the completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

References in this prospectus to applications, application or subscription monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is offering 672,100 Offer Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 5.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.7% of our Company's enlarged share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "—Conditions of the Global Offering" below in this section.

Allocation

Allocation of the Hong Kong Offer Shares to applicants under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools (subject to reallocation at odd lot size): pool A and pool B, both of which are available on an equitable basis to successful applicants with any odd board lots being allocated to pool A:

Pool A: the Offer Shares will be allocated on an equitable basis to valid applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less; and

Pool B: the Offer Shares will be allocated on an equitable basis to valid applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (being 336,000 Hong Kong Offer Shares) will be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 (as modified by Rule 18C.09) of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if the International Offer Shares are fully subscribed or oversubscribed and certain prescribed total demand levels under the Hong Kong Public Offering are reached.

If the number of H Shares validly applied for in the Hong Kong Public Offering represents (i) 10 times or more but less than 50 times, and (ii) 50 times or more, of the number of Hong Kong Offer Shares available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 1,344,200 (in the case of (i)) and 2,688,400 H Shares (in the case of (ii)), respectively, representing approximately 10% and approximately 20% of the total number of Offer Shares initially available under the Global Offering, respectively (assuming the Over-allotment Option is not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-Overall Coordinator deems appropriate.

In addition to any mandatory reallocation required as described above, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sponsor-Overall Coordinator. The Sponsor-Overall Coordinator may, at their sole discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed (irrespective of the number of times); or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 10 times of the number of H Shares initially available for subscription under the Hong Kong Public Offering, the Sponsor-Overall Coordinator has the authority to reallocate International Offer Shares originally in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the HKEX Guide issued by the Stock Exchange, the Offer Price would be set at HK$77.00 per Offer Share, the low-end of the Offer Price range stated in this prospectus and the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation should not be more than 1,344,200 Offer Shares (representing double of the Offer Shares initially available under the Hong Kong Public Offering). The Sponsor-Overall Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, in such proportions as the Sponsor-Overall Coordinator may determine, in their sole and absolute discretion, subject to the requirements under Chapter 4.14 of the Guide.

If the Hong Kong Public Offering is not fully subscribed for, the Sponsor-Overall Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sponsor-Overall Coordinator deems appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Monday, June 29, 2026.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$85.50 per Offer Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$8,636.22 for one board lot of 100 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "—Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$85.50 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the Over-allotment Option, our Company will be initially offering for subscription under the International Offering 12,769,800 Offer Shares, representing approximately 95.0% of the Offer Shares initially available under the Global Offering and approximately 12.4% of our enlarged issued share capital immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of the International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Allocation of International Offer Shares pursuant to the International Offering will be determined by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole. In addition, pursuant to Rule 18C.08 of the Listing Rules, at least 50% of the total number of shares offered in the Global Offering (excluding any shares to be issued pursuant to the exercise of the Over-allotment Option) will be taken up by independent price setting investors, as defined under the Listing Rules, in the International Offering.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered the International Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-Overall Coordinator so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the sub-section headed "—The Hong Kong Public Offering—Reallocation" above, and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriter, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters).

Pursuant to the Over-allotment Option, the International Underwriter will have the right, exercisable by the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 2,016,200 H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.9% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager through its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager through its affiliates of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-Allotment Option. The Stabilizing Manager through its affiliates may close out the covered short position by either exercising the Over-Allotment Option to purchase additional Offer Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager through its affiliates will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-Allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager through its affiliates or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager through its affiliates or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold and transferred pursuant to the exercise of the Over-Allotment Option, namely, 2,016,200 Offer Shares, which is approximately 15.0% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-Allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price of the H Shares;

(c) subscribing, or agreeing to subscribe, for the H Shares to be sold and transferred pursuant to the exercise of the Over-Allotment Option in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares;

(e) selling or agreeing to sell any H Shares to liquidate any position established as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager through its affiliates, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that:

(a) as a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager through its affiliates, or any person acting for it, may maintain a long position in the H Shares;

(b) the size of the long position, and the period for which the Stabilizing Manager through its affiliates, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager through its affiliates and is uncertain;

(c) liquidation of any such long position by the Stabilizing Manager through its affiliates and selling in the open market may lead to a decline in the market price of the H Shares;

(d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager through its affiliates may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market;

(e) any stabilizing action taken by the Stabilizing Manager through its affiliates, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

An announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Over-Allocation

Following any over-allocation of the H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, using the H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be at or before 12:00 noon on Friday, June 26, 2026, by agreement between the Sponsor-Overall Coordinator and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$85.50 per Offer Share and is expected to be not less than HK$77.00 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you may be required to pay the maximum Offer Price of HK$85.50 per Offer Share, plus 1.0% brokerage, 0.0027% SFC transaction levy, 0.00015% AFRC transaction levy and 0.00565% Stock Exchange trading fee, amounting to a total of HK$8,636.22 for one board lot of 100 H Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus.**

The International Underwriter will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire at the Offer Price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a situation, our Company will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, post a notice on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of our Company (**www.laifual.com**) (the contents of the website do not form a part of this prospectus). Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any notice of a reduction in the number of Offer Shares and/or the Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriter) will under no circumstances be set outside the Offer Price stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price is reduced, the Company will issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

The final Offer Price, the indication of the level of interest in the International Offering, the basis of allotment of the Offer Shares available under the Hong Kong Public Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus.

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares is conditional on, among others:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued (including any H Shares that may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Sponsor-Overall Coordinator and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriter and the Capital Market Intermediary under the Hong Kong Underwriting Agreement and the obligations of the International Underwriter and the Capital Market Intermediary under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator and our Company at or before 12:00 noon on Friday, June 26, 2026, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse, and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.laifual.com**) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set forth in the section headed "How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued by us pursuant to the Global Offering.

Except that we have applied for the Listing on the Stock Exchange, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, June 30, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, June 30, 2026.

Our H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 3952.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at ***www.hkexnews.hk*** *under the "HKEXnews > New Listings > New Listing Information" section, and our website at* ***www.laifual.com****.*

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address *(for the* ***HK eIPO White Form*** *service only)*; and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or its/his/her close associates;
- are a Director or any of his/her close associates; or
- are a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 22, 2026 and end at 12:00 noon on Thursday, June 25, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, June 22, 2026 to 11:30 a.m. on Thursday, June 25, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, June 25, 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. HKID card; or
  ii. National identification document; or
  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. LEI registration document; or
  ii. Certificate of incorporation; or
  iii. Business registration certificate; or
  iv. Other equivalent document; and
- Identity document number

Notes:

(1) If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

(2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

(3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

(4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

(5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

(6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	100 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$85.50 per H Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		HK$		HK$		HK$
100	8,636.22	2,000	172,724.54	10,000	863,622.68	200,000	17,272,453.50
200	17,272.46	2,500	215,905.67	20,000	1,727,245.36	250,000	21,590,566.88
300	25,908.68	3,000	259,086.80	30,000	2,590,868.03	300,000	25,908,680.26
400	34,544.90	3,500	302,267.94	40,000	3,454,490.70	336,000(1)	29,017,721.88
500	43,181.13	4,000	345,449.06	50,000	4,318,113.38		
600	51,817.37	4,500	388,630.21	60,000	5,181,736.06		
700	60,453.59	5,000	431,811.33	70,000	6,045,358.73		
800	69,089.81	6,000	518,173.60	80,000	6,908,981.40		
900	77,726.05	7,000	604,535.88	90,000	7,772,604.08		
1,000	86,362.27	8,000	690,898.15	100,000	8,636,226.76		
1,500	129,543.40	9,000	777,260.41	150,000	12,954,340.13		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is approximately 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "—A. Application for Hong Kong Offer Shares—3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Sponsor-Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the

Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "—G. Personal Data—Purposes" and "—G. Personal Data—4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "—B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "—C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Sponsor-Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or **HKSCC EIPO** channel:		
Website	From the "Allotment Results" page at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult** with a "search by ID" function. The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.tricor.com.hk/ipo/result** or **www.hkeipo.hk/IPOResult**.	24 hours, from 11:00 p.m. on Monday, June 29, 2026 to 12:00 midnight on Sunday, July 5, 2026 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.laifual.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, June 29, 2026 (Hong Kong time).
Telephone	+852 3691 8488—the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., on Tuesday, June 30, 2026 to Monday, July 6, 2026 (Hong Kong time) on a business day

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, June 26, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, June 26, 2026 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.laifual.com** by no later than 11:00 p.m. on Monday, June 29, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sponsor-Overall Coordinator, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "—A. Application for Hong Kong Offer Shares—5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Sponsor-Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted H Shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
For application of 200,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Tuesday, June 30, 2026 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required
For application of less than 200,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Monday, June 29, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, June 30, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it

	HK eIPO White Form service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

1 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Monday, June 29, 2026 rendering it impossible for the relevant H Share certificates to be despatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "—E. Bad Weather Arrangements" in this section.

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, June 25, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, "**Bad Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 25, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Bad Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.laifual.com** of the revised timetable.

If a Bad Weather Signal is hoisted on Monday, June 29, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, June 30, 2026.

If a Bad Weather Signal is hoisted on Monday, June 29, 2026, for application of less than 200,000 Hong Kong Offer Shares, the despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Bad Weather Signal is lowered or canceled (e.g. in the afternoon of Monday, June 29, 2026 or on Tuesday, June 30, 2026).

If a Bad Weather Signal is hoisted on Tuesday, June 30, 2026, for application of 200,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar's office after the Bad Weather Signal is lowered or canceled (e.g. in the afternoon of Tuesday, June 30, 2026 or on Thursday, July 2, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-47, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 浙江來福諧波傳動股份有限公司 ZHEJIANG LAIFUAL DRIVE CO., LTD. AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of 浙江來福諧波傳動股份有限公司 Zhejiang Laifual Drive Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-47, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2023, 2024 and 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-47 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated June 22, 2026 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 (the "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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-4 have been made.

Dividends

We refer to Note 25(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

June 22, 2026

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Years ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	*4*	94,545	107,714	260,867
Cost of sales		(66,688)	(81,787)	(194,004)
Gross profit		**27,857**	**25,927**	**66,863**
Other net income	*5*	7,383	8,573	6,186
Selling and marketing expenses		(6,285)	(6,437)	(9,205)
Administrative expenses		(18,214)	(16,050)	(29,933)
Research and development expenses		(31,694)	(33,267)	(49,231)
Impairment loss on trade and other receivables		(1,927)	(1,685)	(8,189)
Loss from operations		**(22,880)**	**(22,939)**	**(23,509)**
Finance costs	*6(a)*	(855)	(787)	(2,050)
Change in the carrying amount of redemption liabilities	*22*	(145,050)	(145,050)	(145,050)
Loss before taxation		**(168,785)**	**(168,776)**	**(170,609)**
Income tax	*7*	–	–	–
Loss for the year		**(168,785)**	**(168,776)**	**(170,609)**
Loss attributable to equity shareholders of the Company		(168,785)	(168,776)	(170,609)
Loss per share				
Basic and diluted (RMB)	*10*	(1.92)	(1.92)	(1.95)
Other comprehensive income for the year		–	–	–
Total comprehensive income for the year		(168,785)	(168,776)	(170,609)
Total comprehensive income attributable to equity shareholders of the Company		(168,785)	(168,776)	(170,609)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31,		
		2023	**2024**	**2025**
		RMB'000	**RMB'000**	**RMB'000**
Non-current assets				
Property, plant and equipment	*11*	122,257	161,705	219,476
Right-of-use assets	*12*	29,748	22,555	18,913
Intangible assets	*13*	3,895	3,119	1,832
Other non-current assets	*16*	5,290	7,976	14,887
Time deposits with banks	*18*	–	40,632	41,702
		161,190	**235,987**	**296,810**
Current assets				
Inventories	*15*	74,289	86,895	111,521
Trade and other receivables	*16*	84,657	94,951	238,537
Time deposits with banks	*18*	10,000	–	–
Financial assets measured at fair value through profit and loss ("FVPL")	*17*	–	–	35,078
Restricted cash	*18*	463	8,422	6,345
Cash and cash equivalents	*18*	147,413	70,761	33,753
		316,822	**261,029**	**425,234**
Current liabilities				
Interest-bearing borrowings	*19*	18,228	32,353	104,813
Trade and other payables	*20*	22,377	46,269	111,458
Contract liabilities		597	1,754	2,634
Lease liabilities	*21*	1,075	5,027	722
Redemption liabilities	*22*	917,300	1,062,350	1,207,400
		959,577	**1,147,753**	**1,427,027**
Net current liabilities		**(642,755)**	**(886,724)**	**(1,001,793)**
Total assets less current liabilities		**(481,565)**	**(650,737)**	**(704,983)**
Non-current liabilities				
Interest-bearing borrowings	*19*	–	7,300	91,128
Lease liabilities	*21*	7,479	715	864
Deferred income	*23*	12,898	11,966	23,656
		20,377	**19,981**	**115,648**
NET LIABILITIES		**(501,942)**	**(670,718)**	**(820,631)**
CAPITAL AND RESERVES	*25*			
Share capital		87,924	87,924	89,957
Reserves		(589,866)	(758,642)	(910,588)
TOTAL DEFICIT		**(501,942)**	**(670,718)**	**(820,631)**

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	118,567	160,430	219,052
Right-of-use assets	12	25,328	21,236	17,154
Intangible assets	13	2,588	2,070	1,043
Investment in subsidiaries	14	117,150	124,479	126,579
Other non-current assets	16	5,054	7,976	14,887
Time deposits with banks	18	–	40,632	41,702
		268,687	**356,823**	**420,417**
Current assets				
Inventories	15	72,918	85,534	110,871
Trade and other receivables	16	96,840	117,738	269,155
Time deposits with banks	18	10,000	–	–
Financial assets measured at FVPL	17	–	–	35,078
Restricted cash	18	463	8,422	6,345
Cash and cash equivalents	18	147,289	70,521	33,514
		327,510	**282,215**	**454,963**
Current liabilities				
Interest-bearing borrowings	19	18,228	32,353	104,813
Trade and other payables	20	110,583	130,393	192,028
Contract liabilities		577	1,734	2,614
Lease liabilities	21	–	4,548	–
Redemption liabilities	22	917,300	1,062,350	1,207,400
		1,046,688	**1,231,378**	**1,506,855**
Net current liabilities		**(719,178)**	**(949,163)**	**(1,051,892)**
Total assets less current liabilities		**(450,491)**	**(592,340)**	**(631,475)**
Non-current liabilities				
Interest-bearing borrowings	19	–	7,300	91,128
Lease liabilities	21	4,389	–	–
Deferred income	23	12,898	11,966	23,656
		17,287	**19,266**	**114,784**
NET LIABILITIES		**(467,778)**	**(611,606)**	**(746,259)**
CAPITAL AND RESERVES	25			
Share capital		87,924	87,924	89,957
Reserves		(555,702)	(699,530)	(836,216)
TOTAL DEFICIT		**(467,778)**	**(611,606)**	**(746,259)**

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Capital reserve	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023		87,924	435,202	(483,500)	(372,783)	(333,157)
Changes in equity for 2023						
Loss and total comprehensive income for the year		–	–	–	(168,785)	(168,785)
Balance at December 31, 2023 and January 1, 2024		87,924	435,202	(483,500)	(541,568)	(501,942)
Changes in equity for 2024						
Loss and total comprehensive income for the year		–	–	–	(168,776)	(168,776)
Balance at December 31, 2024 and January 1, 2025		87,924	435,202	(483,500)	(710,344)	(670,718)
Changes in equity for 2025						
Loss and total comprehensive income for the year		–	–	–	(170,609)	(170,609)
Contribution from a shareholder	*25(c)*	2,033	15,441	–	–	17,474
Equity-settled share-based transactions	*24*	–	–	3,222	–	3,222
Balance at December 31, 2025		89,957	450,643	(480,278)	(880,953)	(820,631)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

	Note	Years ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash used in operations		(35,229)	(33,693)	(63,411)
Income tax paid		–	–	–
Net cash used in operating activities	*18(c)*	(35,229)	(33,693)	(63,411)
Investing activities				
Payment for purchase of property, plant and equipment and intangible assets		(62,073)	(48,173)	(117,727)
Proceeds from disposal of property, plant and equipment		337	40	95
Proceeds from disposal of financial assets measured at FVPL		81,432	–	180,417
Placement of financial assets measured at FVPL		–	–	(215,000)
Placement of short-term time deposits		(30,000)	(50,000)	–
Redemption of short-term time deposits		20,000	60,000	–
Purchase of long-term time deposits		–	(40,000)	–
Interest received		139	37	–
Net cash generated from/(used in) investing activities		9,835	(78,096)	(152,215)
Financing activities				
Proceeds from interest-bearing borrowings		25,662	48,573	203,641
Repayment of interest-bearing borrowings		–	(12,100)	(34,800)
Contributions from a shareholder	*25(c)*	–	–	17,474
Interest paid		(79)	(454)	(2,543)
Capital element of lease rentals paid		(9,464)	(563)	(5,115)
Interest element of lease rentals paid		(776)	(344)	(37)
Net cash generated from financing activities		15,343	35,112	178,620
Net decrease in cash and cash equivalents		(10,051)	(76,677)	(37,006)
Cash and cash equivalents at January 1		157,480	147,413	70,761
Effect of foreign exchange rate changes		(16)	25	(2)
Cash and cash equivalents at December 31		147,413	70,761	33,753

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

浙江來福諧波傳動股份有限公司 Zhejiang Laifual Drive Co., Ltd. (the "Company") was incorporated in the Zhejiang Province, the People's Republic of China (the "PRC") in November 2013 as a joint stock limited liability company.

During the Track Record Period, the Company and its subsidiaries (together, the "Group") are principally engaged in research and development, manufacturing and sales of harmonic reducers and other related products.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Renminbi as all of the Group's operations are conducted by the Company and its subsidiaries established in the PRC and the functional currency of which is RMB.

The statutory financial statements of the Company for the year ended December 31, 2023 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "PRC GAAP") audited by BDO China Shu Lun Pan Certified Public Accountants LLP Zhejiang Branch* (立信會計師事務所(特殊普通合夥)浙江分所). The statutory financial statements of the Company for the years ended December 31, 2024 and 2025 were prepared in accordance with the PRC GAAP audited by Shengzhou Xinyuan Certified Public Accountants Co., Ltd.* (嵊州信元會計師事務所有限公司).

As at the date of this report, the Company has direct interests in the following subsidiaries, all of which are private limited liability companies:

Name of company	Place and date of incorporation/ establishment	Particulars of issued and paid-in capital	Held by the Company and the Group	Principal activities
Shengzhou Laifual Transmission Technology Co., Ltd.* *(i)* (嵊州來福傳動科技有限公司)	the PRC/July 9, 2019	RMB30,000,000/ RMB27,170,000	100%	Research and development of harmonic reducers and related products
Jiangsu Laifual Transmission Technology Co., Ltd.* *(i)* (江蘇來福傳動科技有限公司)	the PRC/March 18, 2020	RMB35,000,000/ RMB35,000,000	100%	Marketing, product distribution and customer service
Xiamen Laifual Drive Technology Co., Ltd.* *(ii)* (廈門來富諧波傳動科技有限公司)	the PRC/ December 9, 2021	RMB50,000,000/ RMB50,000,000	100%	Marketing, product distribution and customer service
Nanjing Cmd Robot Technology Co., Ltd.* *(i)* (南京科邁德機器人技術有限公司)	The PRC/ November 17, 2022	RMB10,000,000/ RMB10,000,000	100%	Research and development of complex joint modules and related products
Shenzhen Laifual Transmission Technology Co., Ltd.* *(iii)* (深圳來福傳動科技有限公司)	the PRC/ February 28, 2023	RMB50,000,000/ RMB5,000,000	100%	Marketing, product distribution and customer service
Chongqing Laifual Transmission Technology Co., Ltd.* *(i)* (重慶來富諧波傳動科技有限公司)	the PRC/ September 1, 2025	RMB1,000,000/ RMB1,000,000	100%	Research and development of harmonic reducers and related products
Laifual (Ji'ning) Technology Co., Ltd.* *(i)* (來福(濟寧)科技有限公司)	the PRC/ September 29, 2025	RMB1,000,000/ RMB1,000	100%	Marketing, product distribution and customer service

Notes:

(i) No audited financial statements were prepared for these companies for the years ended December 31, 2023, 2024 and 2025.

(ii) No audited financial statements were prepared for the years ended December 31, 2023 and 2024. The statutory financial statements prepared in accordance with the PRC GAAP for the year ended December 31, 2025 were audited by Xiamen Puxia Accountant Affairs (General Partnership)* (廈門普夏會計師事務所(普通合夥)).

(iii) No audited financial statements were prepared for the years ended December 31, 2023 and 2024. The statutory financial statements prepared in accordance with the PRC GAAP for the year ended December 31, 2025 were audited by Shengzhou Xinyuan Certified Public Accountants Co., Ltd.* (嵊州信元會計師事務所有限公司).

* The English translation of the name of these companies is for reference only. The official names of these companies are in Chinese.

All companies now comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding as at December 31, 2025, the Group had net liabilities of RMB820,631,000 and net current liabilities of RMB1,001,793,000, which is primarily due to the redemption liabilities of RMB1,207,400,000 arising from the financing with redemption rights from the investors before its initial public offering. The directors of the Company are of the opinion that no payment is expected for the settlement of the redemption liabilities as the related redemption rights would be terminated and the redemption liabilities would be converted into equity upon the qualified initial public offering of the Company's H shares on the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Taken the above into consideration, and together with cashflow forecast for the twelve months from the date of this report prepared by management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period, the details of which are set out in Note 29.

The Historical Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information are presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– Structured deposits measured at FVPL (see Note 2(d));

– Bill receivables measured at FVOCI (see Note 2(d)).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by 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.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in debt and equity securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)):

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

–	Property	20 years
–	Equipment and machinery	10 years
–	Vehicles	4 years
–	Computer and office equipment	3 years
–	Leasehold improvements	Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets (other than goodwill)

Intangible assets, including those which are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

–	Software	3-5 years
–	Patent	10 years

The estimates and associated assumptions of useful life determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors.

The software useful lives are determined to be the shorter of the period of contractual rights or estimated period during which such software can bring economic benefits to the Group considering the different purposes, usage of the software obsolescence.

The patent useful lives are determined based on the period of validity of patent protected by the relevant laws after considering the period of the economic benefits to the Group and estimates of useful lives of similar assets.

Both the period and method of amortization are reviewed annually.

(g) Research and development costs

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(d)(i), 2(t)(ii) and 2(i)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables, other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganization; or significant financial difficulties of the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(ii)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Redemption liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as the Company does not have an unconditional right to defer payments beyond 12 months from the reporting date.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The fair value of equity-settled share-based payment awards granted to employees is recognized as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the equity-settled share-based payment awards were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the equity-settled share-based payment awards, the total estimated fair value of the equity-settled share-based payment awards is spread over the vesting period, taking into account the probability that the equity-settled share-based payment awards will vest.

During the vesting period, the number of equity-settled share-based payment awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of equity-settled share-based payment awards that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognized in the capital reserve until either the equity-settled share-based payment awards are exercised (when it is included in the amount recognized in share capital for the share issued) or the equity-settled share-based payment awards expire (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

(a) Revenue from sales of products

The Group principally generates revenue from sales of harmonic reducers and other precision components, joint modules and robotic arms and automated workstations products. The Group is the principal for its revenue transactions and recognised revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when the customer takes possession of and accepts the products. The Group take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Revenue is excludes value added tax and is after deduction of other sales taxes or any trade discounts.

(b) Revenue from rendering of services

Revenue from rendering of services is recognised at a point in time when the service is provided and accepted by the customer.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Significant sources of estimation uncertainty are as follows:

Provision for expected credit losses on trade receivables

The Group calculated the expected credit losses for trade receivables taking account into the default event, historical loss rate and adjusted for forward-looking macroeconomic data in calculating the expected credit loss rate. The assessment of the correlation among historical loss rates and forecast economic conditions 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally derives revenues from sales of harmonic reducers and other precision components, joint modules and robotic arms and automated workstations.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and the timing of revenue recognition is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15 and recognised at a point in time			
Sales of products			
– Harmonic reducers and other precision components	92,498	103,406	167,143
– Joint modules and robotic arms	907	2,873	68,491
– Automated workstations	–	–	24,464
	93,405	106,279	260,098
Others	1,140	1,435	769
Total	94,545	107,714	260,867

Revenue from individual customer which accounted for 10% or more of the Group's revenue is set out below:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	N/A*	11,740	N/A*
Customer B	N/A*	N/A*	31,637

* Less than 10% of the Group's revenue in the respective years.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2023, 2024 and 2025, none of the transaction price were allocated to the remaining performance obligations under the Group's existing contracts.

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of products that had an original expected duration of one year or less.

(b) Segment reporting

(i) Segment information

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the founder of the Group who reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

(ii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods were delivered or the services were provided.

Revenues from external customers

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	91,925	103,091	253,874
Overseas	2,620	4,623	6,993
	94,545	107,714	260,867

The Group's non-current assets, including property, plant and equipment and intangible assets are all located in the PRC, and accordingly, no geographical information of non-current assets is presented.

5 OTHER NET INCOME

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants *(i)*	3,959	6,615	8,058
Interest income on deposits	3,981	3,249	1,455
Net realised and unrealised gain on financial assets measured at FVPL	2,163	–	495
Net loss on disposal of property, plant and equipment and right-of-use assets	(2,782)	(1,781)	(4,218)
Net foreign exchange (loss)/gain	(242)	(204)	213
Others	304	694	183
	7,383	8,573	6,186

(i) Government grants mainly represent operating subsidies and amortisation of government grants for capital expenditure including development and construction of property, plant and equipment.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank loans *(Note 18(d))*	79	454	2,543
Interest on lease liabilities *(Note 18(d))*	776	344	37
Total interest expense on financial liabilities not at fair value through profit or loss	855	798	2,580
Less: Interest expense capitalised into properties under development*	–	(11)	(530)
	855	787	2,050

* The borrowing costs have been capitalised at a rate of 2.75% per annum for the years ended December 31, 2024 and 2025.

(b) Staff costs

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	50,333	55,866	65,007
Contributions to defined contribution retirement plan *(i)*	4,369	4,237	5,157
Equity-settled share-based payment expenses	–	–	3,222
	54,702	60,103	73,386

(i) The employees of the Company and its subsidiaries are required to participate in a defined contribution plan administrated and operated by the local municipal governments. The Company and its subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal governments to the plan to fund the retirement benefits of the employee. The Group has no further obligation for the payment of other retirement benefits beyond the above contributions.

(c) Other items

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge			
– property, plant and equipment	14,854	16,753	19,127
– right-of-use assets	6,308	4,909	4,403
Amortisation cost of intangible assets	1,417	1,503	1,646
Impairment losses on trade and other receivables	1,927	1,685	8,189
Listing expenses	–	–	13,436
Cost of inventories *(Note 15(b))*	66,081	80,647	190,998

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax	–	–	–
Deferred 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.

(i) Chinese Mainland

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), the Company and its subsidiaries incorporated in the PRC are subject to the CIT at a rate of 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high and new technology enterprise ("HNTE") are entitled to a preferential income tax rate of 15%. The Company obtained its certificate of HNTE on December 8, 2023, with a validity period of three years and therefore, is entitled to a preferential income tax rate of 15% for the years from 2023 to 2025.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before taxation	(168,785)	(168,776)	(170,609)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the entities concerned	(42,196)	(42,194)	(42,652)
Tax effect of preferential tax rate	14,264	14,383	15,535
Tax effect of non-deductible expenses arising from redemption liabilities	21,758	21,758	21,758
Tax effect of other non-deductible expenses	304	117	547
Tax effect of temporary differences and unused tax losses not recognised	11,491	10,995	13,147
Tax effect of additional deduction on research and development expenses *(i)*	(5,621)	(5,059)	(8,335)
Actual tax expense	–	–	–

(i) According to Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration, the Company is entitled to the current additional tax deduction ratio of 100% for research and development expenses since January 1, 2023.

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of temporary differences and cumulative tax losses of certain subsidiaries in aggregated amount of RMB139,303,000, RMB188,605,000 and RMB251,630,000 at December 31, 2023, 2024 and 2025, respectively, as it is not probable that future taxable profits against which the losses or temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

The tax losses arising from operations in Chinese Mainland can be carried forward to offset against taxable profits of subsequent years for five to ten years from the year in which they arise.

8 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments as recorded in the Historical Financial Information are as follows:

For the year ended December 31, 2023

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Zhang Jie (張傑) *(a)*	–	433	130	8	571
Zhang Han (張瀚) *(b)*	–	197	138	8	343
Yang Ran (楊燃) *(c)*	–	492	–	40	532
Wang Haiying (王海鷹) *(f)*	–	206	20	8	234
Non-executive directors					
Huang He (黃河) *(e)*	–	–	–	–	–
Li Chengsheng (李程晟) *(g)*	–	–	–	–	–
Deng Mengyu (鄧夢雨) *(h)*	–	–	–	–	–
Supervisors					
Ye Ting (葉挺) *(d)*	–	189	294	8	491
Song Yu (宋宇) *(d)*	–	–	–	–	–
Yuan Keying (袁珂瑛) *(e)*	–	–	–	–	–
Total	–	1,517	582	72	2,171

For the year ended December 31, 2024

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Zhang Jie (張傑) *(a)*	–	437	182	8	627
Zhang Han (張瀚) *(b)*	–	399	175	8	582
Yang Ran (楊燃) (Resigned on May 13, 2024) *(c)*	–	–	–	–	–
Wang Haiying (王海鷹) *(f)*	–	217	67	8	292
Wu Di (吳迪) (Appointed on May 13, 2024) *(j)*	–	902	210	48	1,160
Non-executive directors					
Huang He (黃河) *(e)*	–	–	–	–	–
Li Chengsheng (李程晟) *(g)*	–	–	–	–	–
Deng Mengyu (鄧夢雨) *(h)*	–	–	–	–	–
Supervisors					
Ye Ting (葉挺) *(d)*	–	193	135	8	336
Song Yu (宋宇) *(d)*	–	–	–	–	–
Yuan Keying (袁珂瑛) (Resigned on May 13, 2024) *(e)*	–	–	–	–	–
Liu Yang (劉洋) (Appointed on May 14, 2024) *(j)*	–	196	–	4	200
Total	–	2,344	769	84	3,197

For the year ended December 31, 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment *(n)*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Zhang Jie (張傑) *(a)*	–	439	259	10	–	708
Zhang Han (張瀚) *(b)*	–	440	200	10	245	895
Wang Haiying (王海鷹) *(f)*	–	259	160	10	61	490
Wu Di (吳迪) *(i)*	–	902	210	48	123	1,283
Non-executive directors						
Huang He (黃河) *(e)*	–	–	–	–	–	–
Li Chengsheng (李程晟) *(g)*	–	–	–	–	–	–
Deng Mengyu (鄧夢雨) (Resigned on October 17, 2025) *(h)*	–	–	–	–	–	–
Cui Zhiyuan (崔志遠) (Appointed on October 17, 2025) *(h)*	–	–	–	–	–	–
Independent non-executive directors						
Feng Yun (馮贇) (Appointed on December 24, 2025) *(k)*	–	–	–	–	–	–
Lin Jun (李俊) (Appointed on December 24, 2025) *(k)*	–	–	–	–	–	–
Lou Yu (樓宇) (Appointed on December 24, 2025) (k)	–	–	–	–	–	–
Tian Chunshan (田春杉) (Appointed on December 24, 2025) *(k)*	–	–	–	–	–	–
Supervisors						
Ye Ting (葉挺) (d)	–	193	349	10	980	1,532
Song Yu (宋宇) (d)	–	–	–	–	–	–
Zhang Han (張晗) (d)	–	585	–	10	–	595
Liu Yang (劉洋) (resigned on October 17, 2025) *(j)*	–	–	–	–	–	–
Total	–	2,818	1,178	98	1,409	5,503

Notes:

(a) Zhang Jie (張傑) was appointed as the executive director of the Company in September 2017.

(b) Zhang Han (張瀚) was appointed as the executive director of the Company in November 2018.

(c) Yang Ran (楊燃) was appointed as the executive director of the Company in September 2017 and resigned in May 2024 as she left the Company.

(d) Ye Ting (葉挺), Song Yu (宋宇) and Zhang Han (張晗) were appointed as the supervisors of the Company in January 2018, October 2019 and October 2025, respectively. Pursuant to the resolution of the shareholders' meeting of the Company held in December 2025, the Board of Supervisors were dissolved and accordingly they were no longer the supervisors of the Company.

(e) Huang He (黃河) and Yuan Keying (袁珂瑛) were appointed as the non-executive director and supervisor of the Company in January 2018, respectively. Yuan Keying resigned in May 2024 as she left the Company.

(f) Wang Haiying (王海鷹) was appointed as the executive director of the Company in August 2018.

(g) Li Chengsheng (李程晟) was appointed as the non-executive director of the Company in November 2021.

(h) Deng Mengyu (鄧夢雨) was appointed as the non-executive director of the Company in October 2022. She resigned in October 2025 for personal reasons and Cui Zhiyuan (崔志遠) was then appointed as the non-executive director of the Company in October 2025.

(i) Wu Di (吳迪) joined the Company in 2022 and appointed as the executive director of the Company in May 2024.

(j) Liu Yang (劉洋) joined the Company in 2022 and appointed as the supervisor of the Company in May 2024. He resigned in October 2025 as he left the Company.

(k) Feng Yun (馮贇), Li Jun (李俊), Lou Yu (樓宇) and Tian Chunshan (田春杉) were appointed as independent non-executive directors of the Company in December 2025.

(l) These represent the estimated value of share awards granted to the directors and supervisors. The value of share awards is measured according to the Group's accounting policies for share-based payments transactions as set out in Note 2(q)(ii). The details of these benefits in kind, including the principal terms and number of awarded shares granted, are disclosed in Note 24.

During the Track Record Period, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two, three and four are directors whose emoluments are disclosed in Note 8 during the years ended December 31, 2023, 2024 and 2025, respectively. The aggregate of the emoluments in respect of the paid amount to remaining individuals are as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	1,696	1,396	790
Discretionary bonuses	90	–	100
Retirement scheme contributions	142	89	9
Equity-settled share-based payment	–	–	74
	1,928	1,485	912

The emoluments of the three, two, one individual(s) with the highest emoluments are within the following bands:

	Years ended December 31,		
	2023	2024	2025
	Number of individuals	Number of individuals	Number of individuals
HK$nil – HK$1,000,000	3	2	–
HK$1,000,001 – HK$1,500,000	–	–	1

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during each of the reporting period, calculated as follows:

Loss attributable to ordinary equity shareholders of the Company

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss for the year attributable to all equity shareholders of the Company	(168,785)	(168,776)	(170,609)
Allocation of loss for the year attributable to ordinary shares with redemption rights *(Note 22)*	116,271	116,264	117,010
Loss for the year attributable to ordinary equity shareholders of the Company	(52,514)	(52,512)	(53,599)

Weighted average number of ordinary shares

	Years ended December 31,		
	2023	2024	2025
	'000	'000	'000
Issued ordinary shares at the beginning of the year	87,924	87,924	87,924
Effect of ordinary shares with redemption rights	(60,568)	(60,568)	(60,568)
Effect of shares issued *(Note 25(c))*	–	–	139
Weighted average number of ordinary share at the end of the year	27,356	27,356	27,495

(b) Diluted loss per share

Ordinary shares issued to investors with redemption rights (Note 22) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore diluted loss per share for each of the reporting period were the same as basic loss per share of the respective years.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Property	Equipment and machinery	Leasehold improvements	Vehicles	Computer and office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2023	–	127,855	2,718	1,798	3,298	3,253	138,922
Additions	–	–	–	–	–	41,399	41,399
Transfer from construction in progress	–	23,990	10,174	102	704	(34,970)	–
Disposals	–	(586)	(5,882)	(527)	(144)	–	(7,139)
At December 31, 2023 and January 1, 2024	–	151,259	7,010	1,373	3,858	9,682	173,182
Additions	–	–	–	–	–	58,944	58,944
Transfer from construction in progress	–	17,694	1,242	340	390	(19,666)	–
Disposals	–	(1,431)	(2,617)	–	(224)	–	(4,272)
At December 31, 2024 and January 1, 2025	–	167,522	5,635	1,713	4,024	48,960	227,854
Additions	–	–	–	–	–	81,570	81,570
Transfer from construction in progress	68,059	54,650	–	–	335	(123,044)	–
Transfer to intangible assets	–	–	–	–	–	(359)	(359)
Other adjustments	1,553	–	(1,553)	–	–	–	–
Disposals	–	(7,868)	(3,270)	(14)	(2,013)	–	(13,165)
At December 31, 2025	69,612	214,304	812	1,699	2,346	7,127	295,900
Accumulated depreciation and impairment:							
At January 1, 2023	–	(34,907)	(1,454)	(820)	(2,323)	–	(39,504)
Charge for the year	–	(12,335)	(1,764)	(336)	(419)	–	(14,854)
Written back on disposals	–	211	2,749	469	4	–	3,433
At December 31, 2023 and January 1, 2024	–	(47,031)	(469)	(687)	(2,738)	–	(50,925)
Charge for the year	–	(14,481)	(1,617)	(294)	(361)	–	(16,753)
Written back on disposals	–	678	736	–	115	–	1,529
At December 31, 2024 and January 1, 2025	–	(60,834)	(1,350)	(981)	(2,984)	–	(66,149)
Charge for the year	(1,023)	(16,308)	(1,129)	(301)	(366)	–	(19,127)
Other adjustments	(617)	–	617	–	–	–	–
Written back on disposals	–	5,675	1,290	6	1,881	–	8,852
At December 31, 2025	(1,640)	(71,467)	(572)	(1,276)	(1,469)	–	(76,424)
Net book value:							
At December 31, 2023	–	104,228	6,541	686	1,120	9,682	122,257
At December 31, 2024	–	106,688	4,285	732	1,040	48,960	161,705
At December 31, 2025	67,972	142,837	240	423	877	7,127	219,476

The Company

	Property	Equipment and machinery	Leasehold improvements	Vehicles	Computer and office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At January 1, 2023	–	127,855	2,718	1,798	3,002	3,253	138,626
Additions	–	–	–	–	–	34,883	34,883
Transfer from construction in progress	–	23,164	5,106	102	88	(28,460)	–
Disposals	–	(586)	(3,387)	(527)	–	–	(4,500)
At December 31, 2023 and January 1, 2024	–	150,433	4,437	1,373	3,090	9,676	169,009
Additions	–	–	–	–	–	58,123	58,123
Transfer from construction in progress	–	17,208	1,198	340	93	(18,839)	–
Disposals	–	(790)	–	–	(181)	–	(971)
At December 31, 2024 and January 1, 2025	–	166,851	5,635	1,713	3,002	48,960	226,161
Additions	–	–	–	–	–	82,160	82,160
Transfer from construction in progress	68,059	55,213	–	–	362	(123,634)	–
Transfer to intangible assets	–	–	–	–	–	(359)	(359)
Other adjustments	1,553	–	(1,553)	–	–	–	–
Disposals	–	(7,799)	(3,270)	(14)	(1,971)	–	(13,054)
At December 31, 2025	69,612	214,265	812	1,699	1,393	7,127	294,908
Accumulated depreciation:							
At January 1, 2023	–	(34,907)	(1,454)	(820)	(2,290)	–	(39,471)
Charge for the year	–	(12,279)	(1,507)	(336)	(278)	–	(14,400)
Written back on disposals	–	211	2,749	469	–	–	3,429
At December 31, 2023 and January 1, 2024	–	(46,975)	(212)	(687)	(2,568)	–	(50,442)
Charge for the year	–	(14,355)	(1,138)	(294)	(160)	–	(15,947)
Written back on disposals	–	558	–	–	100	–	658
At December 31, 2024 and January 1, 2025	–	(60,772)	(1,350)	(981)	(2,628)	–	(65,731)
Charge for the year	(1,023)	(16,260)	(1,129)	(301)	(152)	–	(18,865)
Other adjustments	(617)	–	617	–	–	–	–
Written back on disposals	–	5,577	1,290	6	1,867	–	8,740
At December 31, 2025	(1,640)	(71,455)	(572)	(1,276)	(913)	–	(75,856)
Net book value:							
At December 31, 2023	–	103,458	4,225	686	522	9,676	118,567
At December 31, 2024	–	106,079	4,285	732	374	48,960	160,430
At December 31, 2025	67,972	142,810	240	423	480	7,127	219,052

12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1,	27,405	39,590	35,504
Additions	18,025	1,462	1,216
Termination of lease	(5,840)	(5,548)	(16,493)
At December 31,	39,590	35,504	20,227
Accumulated depreciation:			
At January 1,	(4,485)	(9,842)	(12,949)
Charge for the year/period	(6,308)	(5,270)	(4,613)
Termination of lease	951	2,163	16,248
At December 31,	(9,842)	(12,949)	(1,314)
Net book value:			
At December 31,	29,748	22,555	18,913

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1,	15,744	33,769	33,769
Additions	18,025	–	–
At December 31,	33,769	33,769	18,025
Accumulated depreciation:			
At January 1,	(4,184)	(8,441)	(12,533)
Charge for the year	(4,257)	(4,092)	(4,082)
At December 31,	(8,441)	(12,533)	(871)
Net book value:			
At December 31,	25,328	21,236	17,154

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net booking value of right-of-use assets by class of underlying asset:			
The Group			
– Land use right *(i)*	17,875	17,514	17,154
– Office buildings *(ii)*	11,873	5,041	1,759
	29,748	22,555	18,913
The Company			
– Land use right *(i)*	17,875	17,514	17,154
– Office buildings *(ii)*	7,453	3,722	–
	25,328	21,236	17,154

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:			
– Land use right *(i)*	152	361	360
– Office buildings *(ii)*	6,156	4,909	4,253
Total depreciation charge of right-of-use assets	6,308	5,270	4,613
Less: depreciation charge of land use right capitalised into properties under development	–	(361)	(210)
Depreciation charge of right-of-use assets recognised in profit or loss	6,308	4,909	4,403
Interest on lease liabilities *(Note 6(a))*	776	344	37
Expense relating to short-term leases	126	99	152

(i) The Group has obtained the land use right in the PRC where the manufacturing facilities and office are located. The land use right is granted for 50 years, on the expiry of which the land reverts back to the PRC state. The payment for leasing the land is normally made in full at the start of the land use rights period.

(ii) The Group has leased office buildings through tenancy agreements. The leases typically run for an initial period of three years. None of the leases includes variable lease payments.

The total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(e) and Note 21, respectively.

13 INTANGIBLE ASSETS

The Group

	Patent	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2023	100	3,552	3,652
Additions	160	3,139	3,299
Disposals	–	(485)	(485)
At December 31, 2023 and January 1, 2024	260	6,206	6,466
Additions	–	727	727
At December 31, 2024 and January 1, 2025	260	6,933	7,193
Additions	–	359	359
At December 31, 2025	260	7,292	7,552
Accumulated depreciation:			
At January 1, 2023	(100)	(1,363)	(1,463)
Charge for the year	(36)	(1,381)	(1,417)
Disposals	–	309	309
At December 31, 2023 and January 1, 2024	(136)	(2,435)	(2,571)
Charge for the year	(53)	(1,450)	(1,503)
At December 31, 2024 and January 1, 2025	(189)	(3,885)	(4,074)
Charge for the year	(53)	(1,593)	(1,646)
At December 31, 2025	(242)	(5,478)	(5,720)
Net book value:			
At December 31, 2023	124	3,771	3,895
At December 31, 2024	71	3,048	3,119
At December 31, 2025	18	1,814	1,832

The Company

	Patent	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At January 1, 2023	100	3,552	3,652
Additions	160	1,724	1,884
Disposals	–	(485)	(485)
At December 31, 2023 and January 1, 2024	260	4,791	5,051
Additions	–	726	726
At December 31, 2024 and January 1, 2025	260	5,517	5,777
Additions	–	359	359
At December 31, 2025	260	5,876	6,136
Accumulated depreciation:			
At January 1, 2023	(100)	(1,363)	(1,463)
Charge for the year	(36)	(1,273)	(1,309)
Disposals	–	309	309
At December 31, 2023 and January 1, 2024	(136)	(2,327)	(2,463)
Charge for the year	(53)	(1,191)	(1,244)
At December 31, 2024 and January 1, 2025	(189)	(3,518)	(3,707)
Charge for the year	(53)	(1,333)	(1,386)
At December 31, 2025	(242)	(4,851)	(5,093)
Net book value:			
At December 31, 2023	124	2,464	2,588
At December 31, 2024	71	1,999	2,070
At December 31, 2025	18	1,025	1,043

14 INVESTMENT IN SUBSIDIARIES

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment in subsidiaries, at cost	117,150	124,479	126,579

Particulars of the principal subsidiaries are set out in Note 1.

15 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	14,724	17,518	27,606
Work in progress	44,284	50,428	64,291
Finished goods	15,132	18,704	19,534
Goods in transit	149	245	90
Total	74,289	86,895	111,521

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	14,261	17,316	26,956
Work in progress	43,621	50,428	64,291
Finished goods	14,887	17,545	19,534
Goods in transit	149	245	90
Total	72,918	85,534	110,871

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	66,081	80,647	190,998
Transportation cost	607	868	1,741
Inventories write down	–	272	1,265
	66,688	81,787	194,004

16 TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Gross amount of trade receivables	66,404	80,924	219,768
Bills receivable, measured at amortised cost	9,356	10,590	15,342
Less: loss allowance	(3,667)	(5,048)	(12,929)
Trade and bills receivables	72,093	86,466	222,181
Bills receivable, measured at fair value through other comprehensive income ("FVOCI")	2,139	433	1,824
Prepaid listing expenses	–	–	1,941
Deposits and prepayments	7,547	5,855	10,491
Value added tax ("VAT") recoverable	2,508	1,394	1,539
Other receivables	370	803	561
	84,657	94,951	238,537
Non-current assets			
Prepayment for purchase of property, plant and equipment	5,290	7,976	14,887
	89,947	102,927	253,424

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Gross amount of trade receivables	66,404	80,924	219,768
Bills receivable, measured at amortised cost	9,356	10,590	15,342
Less: loss allowance	(3,667)	(5,048)	(12,929)
Trade and bills receivables	72,093	86,466	222,181
Bills receivable, measured at FVOCI	2,139	433	1,824
Prepaid listing expenses	–	–	1,941
Receivables due from subsidiaries	14,114	25,520	33,512
Deposits and prepayments	7,160	5,199	9,541
VAT recoverable	1,230	–	–
Other receivables	104	120	156
	96,840	117,738	269,155
Non-current assets			
Prepayment for purchase of property, plant and equipment	5,054	7,976	14,887
	101,894	125,714	284,042

All of the current portion of trade and other receivables are expected to be recovered or recognised as expense within one year.

Aging analysis

As at the end of each reporting period, the aging analysis of trade and bills receivables, based on the receivables recognition date and net of loss allowance, is as follows:

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	69,620	77,707	213,125
1 to 2 years	2,473	8,693	7,840
Over 2 years	–	66	1,216
	72,093	86,466	222,181

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 26(a).

17 FINANCIAL ASSETS MEASURED AT FVPL

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Structured deposits	–	–	35,078

18 TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Time deposits

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Time deposits with original maturities:			
– over three months but within one year (inclusive)	10,000	–	–
– over two years but within three years (inclusive)	–	40,632	41,702
	10,000	40,632	41,702

(b) Cash and cash equivalents comprise:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	147,876	79,183	40,098
Less: Restricted cash *(i)*	(463)	(8,422)	(6,345)
Cash and cash equivalents	147,413	70,761	33,753

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	147,752	78,943	39,859
Less: Restricted cash *(i)*	(463)	(8,422)	(6,345)
Cash and cash equivalents	147,289	70,521	33,514

(i) The Group's restricted cash mainly represents secured deposits held in designated bank accounts for issuance of bank acceptance bills and the letters of credit as of December 31, 2023, 2024 and 2025.

(c) Reconciliation of loss before taxation to cash used in operations:

	Note	Years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Loss before taxation		(168,785)	(168,776)	(170,609)
Adjustments for:				
Depreciation of property, plant and equipment	*6(c)*	14,854	16,753	19,127
Depreciation of right-of-use assets	*6(c)*	6,308	4,909	4,403
Amortisation of intangible assets	*6(c)*	1,417	1,503	1,646
Finance costs	*6(a)*	855	787	2,050
Interest income		(139)	(669)	(1,070)
Change in the carrying amount of redemption liabilities	*22*	145,050	145,050	145,050
Net realised and unrealised gain on financial assets measured at FVPL	*5*	(2,163)	–	(495)
Net loss on disposal of property, plant and equipment and right-of-use assets	*5*	2,782	1,781	4,218
Equity-settled share-based payments expenses	*6(b)*	–	–	3,222
Impairment losses on trade and other receivables		1,927	1,685	8,189
Changes in working capital:				
Increase in inventories		(8,587)	(12,606)	(20,734)
Increase in trade and other receivables		(22,798)	(19,063)	(164,329)
(Decrease)/increase in trade and other payables and contract liabilities		(5,687)	3,844	92,154
(Increase)/decrease in restricted cash		(463)	(7,959)	2,077
Increase/(decrease) in deferred income		200	(932)	11,690
Cash used in operations		(35,229)	(33,693)	(63,411)

(d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Redemption liabilities	Lease liabilities	Interest-bearing borrowings	Total
	RMB'000 (Note 22)	RMB'000 (Note 21)	RMB'000 (Note 19)	RMB'000
At January 1, 2023	772,250	23,358	–	795,608
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	–	–	25,662	25,662
Interest paid	–	–	(79)	(79)
Capital element of lease rentals paid	–	(9,464)	–	(9,464)
Interest element of lease rentals paid	–	(776)	–	(776)
Total changes from financing cash flows	–	(10,240)	25,583	15,343
Exchange adjustments	–	–	–	–
Other changes:				
Change in the carrying amount of redemption liabilities *(Note 22)*	145,050	–	–	145,050
Derecognition of discounted bills receivable	–	–	(7,434)	(7,434)
Interest expenses *(Note 6(a))*	–	776	79	855
Decrease in lease liabilities from ceasing leases contract during the year	–	(5,340)	–	(5,340)
At December 31, 2023 and January 1, 2024	917,300	8,554	18,228	944,082
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	–	–	48,573	48,573
Repayment of interest-bearing borrowings	–	–	(12,100)	(12,100)
Interest paid	–	–	(454)	(454)
Capital element of lease rentals paid	–	(563)	–	(563)
Interest element of lease rentals paid	–	(344)	–	(344)
Total changes from financing cash flows	–	(907)	36,019	35,112
Exchange adjustments	–	–	–	–
Other changes:				
Change in the carrying amount of redemption liabilities *(Note 22)*	145,050	–	–	145,050
Derecognition of discounted bills receivable	–	–	(15,048)	(15,048)
Interest expenses *(Note 6(a))*	–	344	454	798
Increase in lease liabilities from entering into new leases during the year	–	1,462	–	1,462
Decrease in lease liabilities from ceasing leases contract during the year	–	(3,711)	–	(3,711)
At December 31, 2024 and January 1, 2025	1,062,350	5,742	39,653	1,107,745
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	–	–	203,641	203,641
Repayment of interest-bearing borrowings	–	–	(34,800)	(34,800)
Interest paid	–	–	(2,543)	(2,543)
Capital element of lease rentals paid	–	(5,115)	–	(5,115)
Interest element of lease rentals paid	–	(37)	–	(37)
Total changes from financing cash flows	–	(5,152)	166,298	161,146
Exchange adjustments	–	–	–	–

	Redemption liabilities	Lease liabilities	Interest-bearing borrowings	Total
	RMB'000 (Note 22)	RMB'000 (Note 21)	RMB'000 (Note 19)	RMB'000
Other changes:				
Change in the carrying amount of redemption liabilities *(Note 22)*	145,050	–	–	145,050
Derecognition of discounted bills receivable	–	–	(12,553)	(12,553)
Interest expenses *(Note 6(a))*	–	37	2,543	2,580
Increase in lease liabilities from entering into new leases during the year	–	1,216	–	1,216
Decrease in lease liabilities from ceasing leases contract during the year	–	(257)	–	(257)
At December 31, 2025	1,207,400	1,586	195,941	1,404,927

(e) Total cash outflow for leases

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows	126	99	152
Within financing cash flows	10,240	907	5,152
	10,366	1,006	5,304

19 INTEREST-BEARING BORROWINGS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans	12,100	32,100	195,941
Discounted bills receivables	6,128	7,553	–
	18,228	39,653	195,941

As at the end of each reporting period, the interest-bearing borrowings were repayable as follows:

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	18,228	32,353	104,813
After one year but within two years	–	–	5,000
After two year but within five years	–	7,300	86,128
	18,228	39,653	195,941

As at the end of each reporting period, the interest-bearing borrowings were secured as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
– Secured	6,128	7,553	36,000
– Unsecured	12,100	32,100	159,941
Total	18,228	39,653	195,941

As at December 31, 2023, 2024 and 2025, the interest-bearing borrowings of RMB6,128,000, RMB7,553,000 and nil were secured by the bills receivables, respectively.

As at December 31, 2025, the bank loans drawn down by the Group totaling RMB36,000,000 were secured by the patents of the Group. The carrying amount of these patents is nil as they have not been capitalised as intangible assets.

20 TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	9,740	18,877	52,527
Bill payables	610	11,144	20,847
Payables for purchase of property, plant and equipment	2,773	6,015	7,289
Payroll payables	5,889	6,106	8,315
Accrued listing expenses	–	–	7,001
Endorsement liabilities	–	–	9,972
Others	3,365	4,127	5,507
	22,377	46,269	111,458

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	9,529	17,216	48,770
Bill payables	610	11,144	20,847
Payables for purchase of property, plant and equipment	2,773	5,994	7,289
Payroll payables	3,716	4,767	6,903
Accrued listing expenses	–	–	7,001
Payables due to subsidiaries	91,216	87,701	85,945
Endorsement liabilities	–	–	9,972
Others	2,739	3,571	5,301
	110,583	130,393	192,028

All trade and other payables are to be settled within one year or are repayable on demand.

As of the end of each reporting period, the ageing analysis of trade payables and bills payable (which are included in the trade and other payables) based on the invoice date is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,961	29,404	73,317
After 1 year but within 2 years	371	472	53
After 2 year but within 3 years	18	145	1
Over 3 years	–	–	3
Total	10,350	30,021	73,374

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,750	27,743	69,560
After 1 year but within 2 years	371	472	53
After 2 year but within 3 years	18	145	1
Over 3 years	–	–	3
Total	10,139	28,360	69,617

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the reporting period.

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
– Within 1 year	1,075	5,027	722
– After 1 year but within 2 years	5,552	522	590
– After 2 years but within 5 years	1,927	193	274
	7,479	715	864
	8,554	5,742	1,586

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
– Within 1 year	–	4,548	–
– After 1 year but within 2 years	4,389	–	–
	4,389	4,548	–

22 REDEMPTION LIABILITIES

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	772,250	917,300	1,062,350
Changes in the carrying amount of redemption liabilities	145,050	145,050	145,050
At the end of the year	917,300	1,062,350	1,207,400
Presented in			
– Current liabilities	917,300	1,062,350	1,207,400

From September 2016 to December 2022, the Company conducted several rounds of financing by issuing registered capital to investors and granting them a right to put back the Company the registered capital acquired upon the occurrence of any of the following events:

(i) a qualified Initial Public Offering (the "Qualified IPO") has not been consummated by the Company by December 31, 2024;

(ii) the occurrence of a change in control of the Group or substantial obstacle from the Qualified IPO;

(iii) material breach of the transaction documents by the Group or its founders that cannot be remediated within 60 days;

(iv) the founder proposing not to serve in the Group or having integrity issues that leads to significant adverse impact on business operation of the Group and cannot be remediated within 60 days; and

(v) other events specified in the shareholders agreements, which are beyond the control of the Company.

In case of the occurrence of events of (iii) and (iv) as described above, the redemption amount is the respective subscription consideration plus a simple interest at 30% per annum for the period commencing from the original investment date to the redemption settlement date and deducting any dividends already paid.

In case of the occurrence of the other events as described above, the redemption amount is the respective subscription consideration plus a simple interest at 13% per annum for the period commencing from the original investment date to the redemption settlement date, and any declared but unpaid dividends.

The redemption liabilities are measured at the highest amount expected to be paid to the investors upon redemption at the initial recognition and at the end of each reporting period. Any changes in the carrying amount of redemption liabilities were recorded in "Changes in carrying amount of redemption liabilities".

Pursuant to a supplemental agreement entered into in December 2025, on the date immediately before the date of the first submission, which was January 1, 2026, (a) the redemption rights upon the occurrence of events of (iii) and (iv) as described above were irrevocably terminated; and (b) the other redemption rights were suspended and shall be reinstated when the Company's listing application is withdrawn or rejected. The redemption rights will be automatically terminated upon the completion of a qualified IPO.

23 DEFERRED INCOME

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	12,698	12,898	11,966
Additions	2,211	1,307	14,109
Government grant recognised as other net income	(2,011)	(2,239)	(2,419)
At the end of the year	12,898	11,966	23,656

Deferred income of the Group mainly includes certain conditional government grants for the acquisition of property, plant and equipment, which will be recognised as income when those conditions are met.

24 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

In December 2025, the Group adopted a share incentive plan (the "Incentive Plan"), pursuant to which, 1,140,000 shares and 175,000 shares of the Company were granted to eligible employees and certain executive directors of the Group (the "Participants"), respectively. These shares are held by Jieyang Information Consulting Partnership (Limited Partnership) ("Jieyang Information"). Jieyang Information is controlled and managed by Zhang Jie, Chairman of the board of directors of the Company. The subscription price of these awarded shares is RMB8.60 per share.

The awarded shares granted to the Participants shall be vested upon the condition that the Participants remain in service upon the first anniversary of completion of an IPO of the Company. The share-based payment transactions were recognized over the vesting period, which is based on the estimated time of the completion of the IPO.

As at December 31, 2025, the balance of unvested awarded shares is 1,315,000 shares. None of the awarded shares were vested during the year ended December 31, 2025.

The fair value of the awarded shares at the date of grant was determined by an external valuer taking into the terms and conditions upon which the awarded shares were granted. Back solve method was used to determine the underlying fair value of the shares of the Company.

The fair value of the awarded shares granted and the key assumptions to the valuation at the grant date are summarized as below:

	2025
Fair value per awarded share	RMB46.56
Risk-free interest rate	1.29%
Expected dividend yield	0.00%
Expected volatility	65.76%

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income arising from share-based payment transactions were RMB3,222,000 for the year ended December 31, 2025.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

	Note	Share capital	Share premium	Capital reserve	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023		87,924	435,202	(483,500)	(364,769)	(325,143)
Changes in equity for 2023						
Loss and total comprehensive income for the year		–	–	–	(142,635)	(142,635)
Balance at December 31, 2023 and January 1, 2024		87,924	435,202	(483,500)	(507,404)	(467,778)
Changes in equity for 2024						
Loss and total comprehensive income for the year		–	–	–	(143,828)	(143,828)
Balance at December 31, 2024 and January 1, 2025		87,924	435,202	(483,500)	(651,232)	(611,606)
Changes in equity for 2025						
Loss and total comprehensive income for the year		–	–	–	(155,349)	(155,349)
Contribution from the shareholder	*25(c)*	2,033	15,441	–	–	17,474
Equity-settled share-based transactions	*24*	–	–	3,222	–	3,222
Balance at December 31, 2025		89,957	450,643	(480,278)	(806,581)	(746,259)

(b) Dividends

No dividends were paid or declared by the Company during the Track Record Period.

(c) Share capital

	Number of shares	Amount
	'000	RMB'000
Registered ordinary shares of RMB1 each		
At January 1, 2023, December 31, 2023 and 2024 and December 31, 2025	89,957	89,957
Issued and fully paid		
At January 1, 2023, December 31, 2023 and 2024 and January 1, 2025	87,924	87,924
Contribution from a shareholder	2,033	2,033
At December 31, 2025	89,957	89,957

In December 2025, Jieyang Information contributed RMB17,474,000 in cash to the Company for the shares subscribed previously. Accordingly, RMB2,033,000 and RMB15,441,000 were credited to the share capital and share premium of the Company.

(d) Nature and purpose of reserves

(i) Share premium

Share premium represents the excess of the net considerations from the shareholders of the Company over the total share capital subscribed.

(ii) Capital reserve

Capital reserve mainly represents the followings:

– the financial instruments issued to the investors with preferred rights (Note 22) that has been recognised in accordance with the accounting policy in Note 2(o); and

– share-based payments expenses recognised based on the fair value of the awarded shares (Note 24) in accordance with the accounting policy in Note 2(q)(ii).

(e) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders return, taking into consideration the future of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows and projected capital expenditures.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, new debt financing or the redemption of existing debt. The Group made no changes to its capital management objectives, policies or processes during the current and prior years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits and structured deposits are limited because the counterparties are banks and financial institutions with high-credit-quality, for which the Group considers having low credit risk.

Management has assessed that during the Track Record Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. Management of the Company expect the occurrence of losses from non-performance by the counterparties of other receivables was remote and loss allowance provision for other receivables was immaterial. The expected credit loss rate is insignificant and close to zero.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30-180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentrations of credit risk. As at December 31, 2023, 2024 and 2025, 11%, 13% and 13% of the total trade receivables were due from the Group's largest customer, respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	5%	63,594	(3,324)
1-2 years	12%	2,810	(337)
		66,404	(3,661)

	As at 31 December 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	5%	70,771	(3,539)
1-2 years	14%	10,059	(1,366)
2-3 years	30%	94	(28)
		80,924	(4,933)

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	5%	209,133	(11,160)
1-2 years	12%	8,872	(1,032)
2-3 years	31%	1,763	(547)
		219,768	(12,739)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Loss allowance
	RMB'000
At January 1, 2023	2,350
Impairment losses recognised	1,311
At December 31, 2023 and January 1, 2024	3,661
Impairment losses recognised	1,272
At December 31, 2024 and January 1, 2025	4,933
Impairment losses recognised	7,806
At December 31, 2025	12,739

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	As at December 31, 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	18,497	–	–	18,497	18,228
Trade and other payables	22,377	–	–	22,377	22,377
Lease liabilities	1,264	5,841	2,002	9,107	8,554
Redemption liabilities	917,300	–	–	917,300	917,300
	959,438	5,841	2,002	967,281	966,459

	As at December 31, 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	33,029	201	7,843	41,073	39,653
Trade and other payables	46,269	–	–	46,269	46,269
Lease liabilities	5,059	538	195	5,792	5,742
Redemption liabilities	1,062,350	–	–	1,062,350	1,062,350
	1,146,707	739	8,038	1,155,484	1,154,014

	As at December 31, 2025				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	119,070	7,256	89,961	216,287	195,941
Trade and other payables	111,458	–	–	111,458	111,458
Lease liabilities	764	608	278	1,650	1,586
Redemption liabilities	1,207,400	–	–	1,207,400	1,207,400
	1,438,692	7,864	90,239	1,536,795	1,516,385

(c) Interest rate risk

The Group's bank balances, other than time deposits with banks, expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The management of the Company consider the Group's exposure to interest rate risk in respect of cash and cash equivalents and interest-bearing borrowings is not material.

(d) Currency risk

The Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than functional currencies of the respective entities comprising the Group are not material.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuation for structured deposits which are categorized into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the chief financial officer.

		As at December 31, 2023		
	Fair value at 31 December 2023	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Bill receivables measured at FVOCI	2,139	–	2,139	–

		As at December 31, 2024		
	Fair value at 31 December 2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Bill receivables measured at FVOCI	433	–	433	–

		As at December 31, 2025		
	Fair value at 31 December 2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Financial assets:				
Bill receivables measured at FVOCI	1,824	–	1,824	–
Structured deposits	35,078	–	–	35,078
	36,902	–	1,824	35,078

During the years ended December 31, 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The fair value of bill receivables measured at FVOCI has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities at the end of each reporting period.

The fair value of structured deposits as at December 31, 2025 is determined using discounted cash flow model based on the estimated yield rate ranging from 1.20% to 1.66%. If the estimated yield rate increase/decrease 100 base points, while all the other variables were held constant, the Group's loss would decrease/increase by RMB56,000 at December 31, 2025.

The movement during the period in the balance of these Level 3 fair value measurements are as follow:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Structured deposits:			
At January 1,	79,269	–	–
Proceeds from disposal of structured deposits	(81,432)	–	–
Placement of structured deposits	–	–	35,000
Net realised and unrealised gain recognised in profit or loss during the year	2,163	–	78
At December 31,	–	–	35,078

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at each of the reporting periods.

27 COMMITMENT

Commitments in respect of property, plant and equipment outstanding at the end of each reporting period not provided for in the Historical Financial Information were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted for	17,189	10,793	38,747

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and other emoluments	2,682	4,129	4,126
Discretionary bonuses	391	673	1,079
Retirement scheme contributions	169	214	115
Equity-settled share-based payments	–	–	796
	3,242	5,016	6,116

(b) Related party transactions

During each of the end of the reporting period, the directors are of the view that the following parties are related parties:

Name of party	Relationship
Zhang Jie 張傑	Director of the Company
Shengzhou Wuzhou Xinhua Bearing and Forging Co., Ltd.* 嵊州市五洲新華軸承鍛造有限公司 ("Wuzhou Xinhua")	Entity controlled by the immediate family member of a director of the Company
Shengzhou Xinhua Bearing Co., Ltd.* 嵊州市新華軸承有限公司 ("Shengzhou Xinhua")	Entity controlled by the immediate family member of a director of the Company

* The English translation of the name of these companies is for reference only. The official names of these companies are in Chinese.

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Rendering of service to			
Wuzhou Xinhua	–	7	–
Shengzhou Xinhua	1,140	1,428	769
	1,140	1,435	769
Purchase of services and goods from			
Wuzhou Xinhua	665	1,323	2,417
Shengzhou Xinhua	264	77	11
	929	1,400	2,428
Payment on behalf of the Group			
Shengzhou Xinhua	3,870	4,978	3,296
Lease payments to			
Shengzhou Xinhua	8,119	–	4,548

(c) Related party balances

	Years ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade in nature:			
Trade receivables due from			
Shengzhou Xinhua	387	1,038	–
Trade payables due to			
Wuzhou Xinhua	608	1,341	1,503
Lease liabilities due to			
Shengzhou Xinhua	4,389	4,548	–
Non-trade in nature:			
Other payables due to			
Shengzhou Xinhua	556	927	631

The non-trade amounts due to the related party are expected to be paid prior to the Listing of the Company.

In January 2022, the Company entered into a four-year lease contract in respect of certain leasehold properties from Shengzhou Xinhua as office and manufacturing premise. At the commencement date of the lease, the Company recognised a right-of-use asset and lease liability of RMB14,886,000.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature – dependent Electricity*	January 1, 2026
Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for the following:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

30 SUBSEQUENT EVENTS

There were no material subsequent events after December 31, 2025 and up to date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to December 31, 2025.

The following information does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the Company's reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Global Offering on the consolidated net tangible liabilities as at December 31, 2025 as if the Global Offering had taken place on December 31, 2025.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2025 or any future date.

	Consolidated net tangible liabilities as at December 31, 2025[1]	Estimated net proceeds from the Global Offering[2 & 4]	Estimated impact upon the reclassification of redemption liabilities[3]	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted net tangible assets per Share[4]	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB	HK$[5]
Based on an Offer Price of HK$77.00 per Offer Share	(822,463)	838,474	1,207,400	1,223,411	11.83	13.61
Based on an Offer Price of HK$85.50 per Offer Share	(822,463)	932,823	1,207,400	1,317,760	12.74	14.66

Notes:

(1) The consolidated net tangible liabilities as at December 31, 2025 is calculated based on the consolidated total deficit of RMB820,631,000 as at December 31, 2025, less the intangible assets of RMB1,832,000 as at December 31, 2025, extracted from the Accountants' Report set out in Appendix I to the Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the expected issuance of 13,441,900 H shares and the indicative Offer Prices of HK$77.00 and HK$85.50 per Offer Share, respectively, being the lower end price and higher end price of the stated Offer Price range, after deduction of estimated underwriting fee and other related listing expenses paid or payable by the Company (excluding listing expenses charged to profit or loss during the Track Record Period of RMB13,436,000), respectively, and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The estimated impact is calculated based on the carrying amount of redemption liabilities of RMB1,207,400,000 (as set out in Note 22 of Appendix I in this prospectus). Upon the completion of the Global Offering, the preferred rights held by the investors will be automatically terminated and these liabilities will be reclassified from liabilities to equity accordingly.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the above adjustment and on the basis that 103,398,787 Shares in issue immediately following the completion of the Global Offering and assuming that the Global Offering had been completed on December 31, 2025 without taking into account of the Shares which may be issued upon exercise of the Over-allotment Option.

(5) For illustrative purpose, the estimated net proceeds from the Global Offering are converted from Hong Kong dollar into Renminbi and the unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company per Share is converted from the Renminbi into Hong Kong dollar at a rate of HK$1 = RMB0.8693, being the PBOC rate prevailing on the Latest Practicable Date. No representation is made that the Hong Kong Dollars amounts have been, could have been or may be converted into Renminbi, or vice versa at that rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Company entered into subsequent to December 31, 2025.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF 浙江來福諧波傳動股份有限公司 ZHEJIANG LAIFUAL DRIVE CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of 浙江來福諧波傳動股份有限公司 Zhejiang Laifual Drive Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at December 31, 2025 and related notes as set out in Part A of Appendix II to the prospectus dated June 22, 2026 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2025 as if the Global Offering had taken place at December 31, 2025. As part of this process, information about the Group's financial position as at December 31, 2025 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
June 22, 2026

TAXATION IN MAINLAND CHINA

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 investment in H Shares, nor does it take the specific circumstances of any particular investor 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 investment 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.

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 1 January 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 (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 (EIT) 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 SCNPC 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 prospectus.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China (the "PBOC"), 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 prospectus 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 SCNPC 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 SCNPC 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 SCNPC 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 SCNPC 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"), 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 prospectus 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.

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, supervisors 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, supervisor 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, supervisors 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, supervisors 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 unlisted shares applying to convert its 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 Board of Supervisors 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 supervisors and to decide on their remunerations;

(II) to consider and approve the reports of the Board of Directors;

(III) to consider and approve the reports of the Board of Supervisors;

(IV) to consider and approve the company's profit distribution and loss recovery proposals;

(V) to decide on any increase or reduction of the company's registered capital;

(VI) to decide on the issue of corporate bonds;

(VII) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(VIII) to amend the Articles of Association of the company; and

(IX) 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 Board of Supervisors 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 Board of Supervisors shall convene and preside over such meeting in a timely manner; if the Board of Supervisors 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 Board of Supervisors 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 and supervisors 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 or supervisors, each share has the same voting rights as the number of directors or supervisors 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. Where a company has 300 or more employees, the Board of Directors shall include the employees' representatives of the company unless the Board of Supervisors has been established and includes employees' representatives 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 Supervisors 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 Board of Supervisors. 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.

Board of Supervisors

A joint stock limited company shall have a Board of Supervisors composed of three members or more. However, a joint stock limited company (i) with a relatively small scale or relatively small number of shareholders may dispense with the Board of Supervisors, but may have one supervisor, who shall exercise the functions and powers of the Board of Supervisors, and (ii) may not have a Board of Supervisors or supervisors if it sets up an audit committee composed of directors in the Board of Directors, which shall exercise the functions and powers of the Board of Supervisors. The Board of Supervisors shall consist of representatives of the shareholders and an appropriate proportion of representatives of the Company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the Articles of Association. Representatives of the Company's staff at the Board of Supervisors shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise.

The Board of Supervisors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the Board of Supervisors shall be elected by more than half of all the supervisors. Directors and senior management shall not act concurrently as supervisors. The chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, the vice chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting. Where the vice chairman of the Board of Supervisors is incapable of performing or is not performing his/her duties, a supervisor elected by more than half of the supervisors shall convene and preside over the Board of Supervisors meeting.

The supervisors serve three-year terms. A supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles of Association until a duly re-elected supervisor 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 supervisors results in the number of supervisors being less than the quorum.

The Board of Supervisors may exercise its powers:

(I) to review the company's financial position;

(II) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of the shareholders' meeting;

(III) when the acts of a director or senior management are detrimental to the company's interests, to require the director and senior management to correct these relevant acts;

(IV) to propose the convening of extraordinary shareholders' meeting and to convene and preside over shareholders' meeting when the board fails to perform the duty of convening and presiding over shareholders' meeting under the PRC Company Law;

(V) to submit proposals to the shareholders' meeting;

(VI) to bring actions against directors and senior management pursuant to the relevant provisions of the PRC Company Law; and

(VII) to exercise any other authority stipulated in the Articles of Association.

Supervisors may be present at board meeting and make inquiries or proposals in respect of the resolutions of the Board of Directors. The Board of Supervisors may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

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, Supervisors, General Managers and Other Senior Management

Directors, supervisors and senior management shall comply with laws, administrative regulations and the Articles of Association.

Directors, supervisors 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, supervisors 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, supervisors 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, supervisor 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, supervisor or senior management is required to attend a shareholders' meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. The Board of Supervisors 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 Board of Supervisors, none of them may impede the exercise of powers by the Board of Supervisors or supervisors.

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 Board of Supervisors to initiate proceedings in the people's court.

Where the supervisors violate the laws, administrative regulations or the Articles of Association in performance of duties resulting in any loss to the company, the aforementioned shareholder(s) may request in writing that the Board of Directors institute litigation at a people's court. Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the Board of Supervisors 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, supervisor 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 Board of Supervisors 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, supervisors 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 Board of Supervisors 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 Board of Supervisors 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.

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.

Loss of Share Certificates

A shareholder may, in accordance with the public notice procedures set out in the PRC Civil Procedure Law, apply to a people's court if his share certificate(s) in registered form is either stolen, lost or destroyed, for a declaration that such certificate(s) will no longer be valid. After the people's court declares that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

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 SCNPC 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 SCNPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties 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 SCNPC 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 offering 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, supervisors 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, supervisors 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.

Board of Supervisors

According to the PRC Company Law, if a joint stock limited company has a board of supervisors, the directors and senior management of the company are subject to the supervision of the board of supervisors.

Derivative Action by Minority Shareholders

According to the PRC Company Law, where any director, supervisor 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 board of supervisors to initiate proceedings in the people's court. If the supervisors 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 board of supervisors 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.

The Guidelines for the articles of association of Listed Companies also provide other remedies against the directors, supervisors 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 and supervisor 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 and supervisors of the company in default.

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, supervisors 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 and supervisor 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 and supervisors 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 or board of supervisors, 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, supervisor 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, supervisor 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, supervisors, 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 sets out summaries of the main clauses of our Articles of Association adopted on December 24, 2025 which shall become effective as at the date on which the H shares are on the Stock Exchange. As the main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important to potential investors. As discussed in the appendix headed "Appendix VII – Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display," the full document of the Articles of Association is available on display.

DIRECTORS AND BOARD OF DIRECTORS

Power to allocate and issue Shares

The Articles of Association contain clauses that authorize the Board of Directors to issue shares. The Shareholders' Meeting of our Company may authorize the Board of Directors to decide on the issuance of not more than 50% of the issued shares within 3 years. However, if the capital contribution is made at the price of non-monetary property, it shall be resolved by the Shareholders' meeting.

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.

Compensation or payments for loss of office

There are no provisions in the Articles of Association relating to compensation or payments for loss of office.

Loans to Directors

There are no provisions in the Articles of Association relating to loans to directors.

Provision of financial assistance for acquiring the Shares of the Company or shares of any subsidiary

There are no provisions in the Articles of Association relating to provide financial assistance for acquiring the Shares of the Company or shares of any subsidiary, unless for the purpose of Company's equity incentive plan(s) and employee shareholding schemes.

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 Shareholder's Meeting and Board of Directors.

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 of Directors is composed of eleven Directors. The Directors of the Company are elected by the Shareholders' Meeting. At any time, the Board of Directors should have more than one-third independent non-executive directors, and the total number of independent non-executive directors should not be less than three.

The Board of Directors has one chairman and may have a vice chairman. The chairman and the vice chairman of the Board of Directors shall be elected by more than half of all Directors.

Directors serve three-year terms, and the Director can be re-elected and reappointed at the end of the term. The term of office of a Director shall be calculated from the date of appointment until the expiration of the term of office of the current Board of Directors. If the term of office of a Director expires without timely re-election, the original Director shall still perform the duties of a Director in accordance with laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are listed ("the Listing Place Rules") and the provisions of these Articles of Association before the newly elected Director takes office.

None of the following persons shall serve as our Director:

(I) a person who has no capacity for civil conduct or having limited capacity for civil conduct;

(II) a person who has been sentenced to criminal punishment for corruption, bribery, encroachment on property, misappropriation of property or sabotage of the order of the socialist market economy, and less than five years have elapsed since the completion of the sentence, or having been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed, two years have not yet elapsed from the date on which the probationary period of probation has expired;

(III) a person who has served as a Director, factory chief, or manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the insolvency and liquidation of the company or enterprise is completed;

(IV) a person who has served as the legal representative of a company or enterprise whose business license has been revoked or ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;

(V) a person who is listed by the people's court as a judgment defaulter because the amount of debt he bears is relatively large and the debt is not paid off when it is due;

(VI) a person who has been prohibited from entering the securities market by the CSRC, and the time limit has not expired;

(VII) a person who has been publicly identified by relevant regulatory authorities as unsuitable for serving as directors, senior management personnel, etc. of listed companies, and whose disqualification period has not yet expired;

(VIII) other contents stipulated by laws, administrative regulations, departmental rules, or the Listing Place Rules.

The election, appointment or employment of the Directors shall be invalid if such election, appointment or employment is against the Articles of Association. If a Director falls into the situations provided in the above-mentioned situations during his/her term of office, the Company shall dismiss his/her post.

Borrowing Powers

The Board of Directors shall be entitled to make resolutions for our Company to issue bonds and its Shares under the authorization of Shareholders' Meeting.

Powers of the Board of Directors

The Board of Directors shall exercise the following functions and powers:

(I) to convene Shareholders' Meeting and report to the Shareholders' Meeting;

(II) to implement resolutions of the Shareholders' Meeting;

(III) to decide on our Company's business plans and investment plans;

(IV) to formulate our Company's profit distribution plans and plans on making up losses;

(V) to formulate proposals for the increase or reduction of our Company's registered capital, the issuance of bonds or other securities of our Company and listing of Shares of our Company;

(VI) to formulate plans for our Company's major acquisition, selling, repurchase the Shares of our Company, or merger, division, dissolution or change of corporate form of our Company;

(VII) to make a resolution on external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management and connected transactions as authorized by the Shareholders' Meeting;

(VIII) to decide on establishment of internal management organs of our Company;

(IX) to decide on the appointment or dismissal of our Company's general manager and secretary of the Board and other senior management personnel, and decide on their remuneration, rewards and punishments; to decide to appoint or dismiss our Company's deputy general manager, financial director and other senior management personnel according to the nomination of the general manager, and decide on their remuneration, rewards and punishments;

(X) to formulate the basic management system of our Company;

(XI) to formulate proposals to amend the Articles of Association;

(XII) to manage our Company's disclosures;

(XIII) to propose to the Shareholders' Meeting the appointment or replacement of the accounting firm that provides audit service to our Company;

(XIV) to listen to the work report of the general manager of the company and inspect the work of the general manager;

(XV) other powers stipulated by laws, administrative regulations, departmental rules, the Listing Place Rules, the Articles of Association, or powers granted by Shareholders' Meeting.

Matters beyond the scope of authorization of the Shareholders' Meeting shall be submitted to the Shareholders' Meeting for deliberation.

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, among other matters.

ALTERNATIONS TO CONSTITUTIONAL DOCUMENTS

In any of the following circumstances, the Company shall amend its articles of association:

(I) after the revision of the PRC Company Law or relevant laws, administrative regulations and the Listing Place Rules, the matters stipulated in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations and the Listing Place Rules;

(II) the situation of the Company changes and is inconsistent with the matters recorded in the articles of association;

(III) the Shareholders' Meeting has decided to amend the articles of association.

If the amendment of the articles of association approved by the Shareholders' Meeting resolution requires approval by the competent authority, it must be submitted to the competent authority for approval; if it involves Company registration matters, change registration shall be handled in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' Meeting and the approval opinions of relevant competent authorities.

The amendment of the Articles of Association constitutes to the information required to be disclosed by laws and regulations and shall be announced in accordance with regulations.

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 proxy) shall exercise their voting rights according to the number of voting Shares they represent, and each Share shall have one vote.

Any Shareholder who, in accordance with the Listing Place Rules, is required to waive their voting rights or is limited to only casting affirmative or negative votes on a certain matter shall waive their voting rights in accordance with the provisions. Any Shareholder vote or representative vote that violates relevant regulations or restrictions will not be counted in the voting results.

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."

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 formulates its financial and accounting system in accordance with laws, administrative regulations, the Listing Place Rules and the provisions of the Chinese accounting standards.

The Company shall prepare a financial report at the end of each fiscal year, which shall be reviewed and verified in accordance with the law.

The Company shall not establish other accounting books except for statutory accounting books. The assets of the Company shall not be deposited in any 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 Securities Law and the Listing Place Rules 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 or the method of determining remuneration 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 10 days 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 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, the Listing Place Rules, 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, the Listing Place Rules 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) 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 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 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 have the right to submit proposals to the Company. Shareholders who individually or collectively hold more than 1% of the Company's Shares 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 of the Shareholders' Meeting shall be in writing and include the following contents:

(I) the time, location, and duration of the meeting;

(II) submit matters and proposals for review at the meeting;

(III) clearly state in writing that all Shareholders have the right to attend the Shareholders' Meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy does not need to be a Shareholder of the Company;

(IV) share registration date of the Shareholders entitled to attend the Shareholders' Meeting. The interval between the share registration date and the date of the meeting shall comply with the Listing Place Rules. Once the share registration date is confirmed, it may not be changed; if it needs to be changed, the procedures stipulated in the the Listing Place Rules must be followed;

(V) name and phone number of the permanent contact person for conference affairs;

(VI) online or other voting time and voting procedure;

(VII) other requirements stipulated by laws, administrative regulations, departmental rules, the Listing Place Rules, and the Articles of Association.

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) the profit distribution plan and loss recovery plan formulated by the Board of Directors;

(III) appointment or dismissal of the members of the Board of Directors, and formulate their salary plans;

(IV) other matters other than those required by laws, administrative regulations, the Listing Place Rules, or the Articles of Association to be passed through special resolutions.

The following matters shall be passed by special resolution of the Shareholders' Meeting:

(I) the increase or decrease in registered capital of the company;

(II) the divisions, mergers, dissolutions and liquidations;

(III) the amendment to the Articles of Association;

(IV) to review the Company's purchase, sale, and provision of guarantees within one year of material assets exceeding 30% of the company's total assets;

(V) to make decisions on the Company's equity incentive plan(s) and employee shareholding schemes;

(VI) other matters required by laws, administrative regulations, the Listing Place Rules or the Articles of Association, as well as those determined by ordinary resolutions of the Shareholders' Meeting with significant impact on the Company, and which require special resolutions to be passed.

TRANSFER OF SHARES

The Shares of our Company issued before the company's public offering shall not be transferred within one year from the date of listing and trading of the Company's shares on the stock exchange.

The Directors and senior management of our Company shall declare, to our Company, information on their holdings of the Shares of our Company and the changes thereto. The Shares transferrable by them during each year of their term of office shall not exceed 25% of their total holdings of a single class of Shares of our Company. The Shares that they hold in our Company shall not be transferred within one year from the date of listing and trading of the Company's shares. The aforesaid persons shall not transfer their Shares of our Company within half a year from the date of their resignation.

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 situations permitted by laws, administrative regulations, Listing Place Rules and other relevant authorities.

The Company may choose one of the following ways to purchase its shares:

(I) Centralized trading on Stock Exchanges;

(II) other ways permitted by laws, administrative regulations, the Listing Place Rules and other methods recognized by the CSRC.

PROXIES

Any Shareholder who has the right to attend and vote at the Shareholders' Meeting may attend the meeting in person or entrust one or more persons (who may not be shareholders) as their proxy to attend and vote on their behalf. The power of attorney issued by Shareholders authorizing others to attend the Shareholders' Meeting shall include the following contents:

(I) the name of the proxy;

(II) the voting rights;

(III) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the Shareholders' Meeting's agenda;

(IV) date of issuance and validity period of the power of attorney;

(V) signature (or seal) of the Shareholder; If the Shareholder is a corporate Shareholder, the seal of the legal entity shall be affixed.

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 of the Company.

INSPECTION OF REGISTER OF MEMBERS

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.

The transfer of Shares must be recorded in the register of members. In the register of shareholders of overseas listed foreign shares, the original part of the register of shareholders of holders of shares listed on the Hong Kong Stock Exchange shall be kept in Hong Kong.

When our Company convenes a Shareholders' Meeting, distributes dividends, liquidates, or engages in other activities that require confirmation of Shareholder identity, the Board of Directors or the convener of the Shareholders' Meeting shall determine the share registration date. After the share registration date is closed, the registered Shareholders shall be the Shareholders who enjoy the relevant rights and interests.

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 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 Audit Committee violates laws, administrative regulations, or the provisions of the Articles of Association while performing its 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 two paragraphs.

If Directors, Members of the Audit Committee 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 file lawsuit on Shareholders' own name.

PROCEDURES ON LIQUIDATION

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(I) the expiration of the business term specified in these articles of association or the occurrence of other dissolution reasons specified in the Articles of Association;

(II) the Shareholders' Meeting resolves for dissolution;

(III) dissolution is required due to the merger or division of our Company;

(IV) the business license has been revoked, ordered to close down or dissolved in accordance with the law; and

(V) the Company is dissolved by a people's court in response to the request of Shareholders holding Shares that represent more than 10% of the voting rights of all Shareholders, on the grounds that there are serious difficulties in the operation and management of our Company and its continued existence will cause significant losses to the interests of Shareholders, which cannot be resolved through other means.

If our Company has the reasons for dissolution provided for in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit information publicity system within 10 days.

The liquidation group shall notify creditors within 10 days of its establishment, and make an announcement in a newspaper or the national enterprise credit information publicity system within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving the notice, or within 45 days from the date of announcement if they have not received the notice.

When applying for creditor's rights, creditors shall explain the relevant matters of the creditor's rights and provide proof materials. The liquidation committee shall register the creditor's rights. During the period of declaring creditor's rights, the liquidation committee shall not pay off the creditor.

After clearing our Company's assets, preparing a balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' Meeting or the people's court for confirmation. The remaining assets of our Company after paying the liquidation expenses, employee salaries, social insurance expenses, and statutory compensation, paying the outstanding taxes, and paying off our Company's debts shall be distributed by our Company according to the proportion of Shares held by Shareholders. During the liquidation period, our Company exists but cannot carry out business activities unrelated to liquidation. Our Company's assets will not be distributed to Shareholders until they have been paid off in accordance with the provisions of the preceding paragraph.

Upon liquidation of the Company's property and preparation of the required statement of financial position 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 a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration of bankruptcy by the people's court, the people's court shall take over the administration of the liquidation procedure from the liquidation committee.

After the liquidation of our Company is completed, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' Meeting or the people's court for confirmation, and submit it to our Company registration authority to apply for deregistration of our Company, and announce the termination of our Company. Members of the liquidation committee shall perform their obligation in compliance with laws and shall have the duty of loyalty and duty of care. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or gross negligence.

Liquidation of a company which is declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

OTHER PROVISIONS MATERIAL TO THE ISSUER OR THE SHAREHOLDERS THEREOF

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of our Company are divided into Shares of equal value. 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) a public offering of shares;

(II) a private placement of shares;

(III) allotment of bonus shares to existing shareholders;

(IV) conversion of reserve funds to share capital;

(V) other methods permitted by laws, regulations, and Listing Place Rules or approved by CSRC and other competent authorities.

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 speak and 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 obtain relevant information in accordance with the Articles of Association;

(VI) 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, eligible shareholders shall enjoy the right to inspect the accounting books and vouchers of the Company;

(VII) 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;

(VIII) Shareholders who object to resolutions of merger or division made by the Shareholders' Meeting may request our Company to purchase Shares held;

(IX) other rights provided for by laws, administrative regulations, departmental rules or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to our Company written documents proving the class(es) and number of Shares he 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 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 prescribed otherwise in laws and regulations;

(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 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.

Audit Committee and Other Special Committees

The company does not have a Supervisory Board or Supervisors.

The company sets up an Audit Committee composed of directors within the board of directors, exercising the powers of the supervisory board as stipulated in the Company Law. The Audit Committee consists of no less than 3 directors, and should be composed solely of non-executive directors, among whom independent non-executive directors should account for more than half.

Members of the Audit Committee are prohibited from holding senior management positions in the company.

The Audit Committee shall exercise the following functions and powers:

(I) to examine our Company's financial matters;

(II) to supervise the performance by the Directors and senior management of their duties to our Company, to request Directors and senior management to submit reports on the execution of their duties if necessary and propose the dismissal of the Directors and senior management who violates laws, administrative regulations, the Articles of Association, the Listing Place Rules or the resolutions of the Shareholders' Meeting;

(III) to demand rectification from the Directors and senior management when the acts of such persons are harmful to our Company's interests;

(IV) to propose the convening of extraordinary Shareholders' Meeting; to convene and preside the Shareholders' Meeting in the event that the Board of Directors fails to perform its duties to convene and preside the Shareholders' Meeting in accordance with the PRC Company Law;

(V) to submit proposals to the Shareholders' Meeting;

(VI) to file lawsuits against Directors and senior management in accordance with laws, administrative regulations, or the Articles of Association;

(VII) other functions and powers as specified in the Articles of Association or granted by the Shareholders' Meeting.

The Audit Committee discovered that the company's operations were abnormal and could conduct an investigation; if necessary, it could hire accounting firms and other entities to assist with the work, with the expenses borne by the company.

The company's board of directors has established special committees such as nomination and compensation, which perform their duties in accordance with the Articles of Association and the authorization of the board of directors. The proposals of the special committees should be submitted to the board of directors for review and decision. The working procedures of the special committees shall be formulated by the board of directors.

General Manager

Our Company has one general manager and may have one or more deputy general manager, appointed or dismissed by the Board of Directors. The general manager, deputy general manager, financial director, secretary of the Board of Directors and other senior management personnel determined by the Board of Directors of the Company are 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/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 Articles of Association, the Board of Directors.

The general manager shall attend the Board meeting as a nonvoting delegate and shall be responsible to the Board of Directors.

Reserves

In distributing its current-year after-tax profits, our Company shall allocate 10% of its profit to its statutory reserve fund.

Allocations to Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of our Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of our Company, and subject to the adoption of a resolution by the Shareholders' Meeting, an allocation may be made to the discretionary reserve fund.

The remaining after-tax profit after our Company makes up for losses and withdraws provident fund shall be distributed according to the proportion of Shares held by Shareholders, unless prohibited by the Articles of Association.

If our Company distributes profits to shareholders in violation of laws, administrative regulations, regulatory rules of the place where the company's shares are listed, and the regulations of the relevant national competent authorities such as the CSRC, the shareholders shall return the profits distributed in violation of the provisions to the Company; if losses are caused to the Company, the shareholders and the directors and senior managers who are responsible shall be liable for compensation.

Profits shall not be distributed to Shares held by the Company itself.

Our Company's provident fund is used to compensate for its losses, expand its production and operation, or convert it into an increase in our Company's capital.

The provident fund to make up for the Company's losses should first use the arbitrary provident fund and the statutory provident fund; if it still cannot be made up, the capital reserve may be used in accordance with the regulations.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a joint stock company under the laws of the PRC in November 2013. Our registered address and principal place of business is at Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, PRC.

We have established a place of business in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 29, 2025. Ms. Li Yee Ching, our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of laws and regulations of the PRC is set out in the section headed "Regulatory Overview" in this prospectus. A summary of our Articles of Association is set out in Appendix V to this prospectus.

B. Changes in the Share Capital of our Company

Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, assuming that the Over-allotment Option is not exercised, our registered share capital will be increased to RMB103,398,721, divided into 103,398,721 H Shares, fully paid up or credited as fully paid up, representing approximately 100% of our enlarged share capital.

Save as disclosed above, there has been no alteration in the share capital within two years immediately preceding the date of this prospectus.

C. Resolutions Passed by Our Shareholders' General Meeting in relation to the Global Offering

At the extraordinary general meeting of the Shareholders held on December 24, 2025, the following resolutions, among others, were duly passed:

(1) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(2) the proposed number of H Shares to be offered under the Global Offering and the grant of the Over-allotment Option. The number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially pursuant to the Global Offering;

(3) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date; and

(4) authorization of our Board and its authorized persons to handle all matters relating to, among other things, the Global Offering.

D. Changes in Share Capital of our Subsidiaries

The list of our subsidiaries is set out in Note 1 to the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.

(1) Chongqing Laifual Harmonic Drive Technology Co., Ltd. (重慶來富諧波傳動科技有限公司) ("Chongqing Laifual")

On September 1, 2025, Chongqing Laifual was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB1 million.

(2) Laifual (Jining) Technology Co., Ltd. (來福(濟寧)科技有限公司) ("Jining Laifual")

On September 29, 2025, Jining Laifual was incorporated as a limited liability company under the laws of the PRC, with a registered share capital of RMB1 million.

(3) Shenzhen Laifual Technology Co., Ltd. (深圳來福傳動科技有限公司) ("Shenzhen Laifual")

On June 12, 2026, the registered share capital of Shenzhen Laifual increased from RMB5 million to RMB50 million.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix V—Summary of The Articles of Association" in this prospectus.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

We have entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that is or may be material:

(1) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, OAKTREE CAPITAL MANAGEMENT, L.P. (as the investment manager for and on behalf of the investors listed in the cornerstone investment agreement) and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(2) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, Alphahill Capital Limited and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$10.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(3) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, HARVEST GLOBAL INVESTMENTS LIMITED and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$8.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(4) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, CDH Global Frontier Ventures Limited and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$7.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(5) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, E FUND MANAGEMENT (HONG KONG) CO., LIMITED and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$4.5 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(6) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, E Fund Management Co., Ltd. and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$0.5 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(7) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, Eurus Holdings SPC (acting for and on behalf of OAAM Diversified Opportunities IV S.P.) and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(8) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, LBC HK Opportunity Fund Limited and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(9) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, Dream'ee (Hong Kong) Open-ended Fund Company and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(10) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, Factorial Master Fund and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement;

(11) a cornerstone investment agreement dated June 17, 2026 entered into among our Company, Oasis Investments II Mater Fund Ltd. and CMB International Capital Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$3.0 million (calculated using the Hong Kong dollar: USD closing exchange rate as disclosed in this prospectus) (excluding brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee that such investor will pay in respect of the H Shares to be subscribed for by it) in accordance with the terms of the cornerstone investment agreement; and

(12) the Hong Kong Underwriting Agreement.

A. Our Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
1	LAIFUAL 来福	7	Our Company	PRC	75130984	August 7, 2024 – August 6, 2034
2	来福传动	7	Our Company	PRC	74798765	July 14, 2024 – July 13, 2034
3	来福传动	7	Our Company	PRC	44681663	April 7, 2021 – April 6, 2031
4		7	Our Company	PRC	24835278	June 28, 2018 – June 27, 2028
5	Laifual Drive	7	Our Company	PRC	24878543	July 7, 2018 – July 6, 2028
6	来福	7	Our Company	PRC	18297480	March 7, 2017 – March 6, 2027
7	Laifual Drive	7	Our Company	PRC	16628201	May 21, 2016 – May 20, 2036
8	来福谐波 LAIFUXIEBO	7	Our Company	PRC	14124494	April 28, 2015 – April 27, 2035
9	CmdRob	7	CmdRob	PRC	71496806	November 21, 2023 – November 20, 2033
10	CmdRob	7	CmdRob	PRC	69017244	July 21, 2023 – July 20, 2033
11	科迈德机器人	7	CmdRob	PRC	69016901A	July 21, 2023 – July 20, 2033
12	CMD	7	CmdRob	PRC	69017232	July 28, 2024 – July 27, 2034
13	CMD	7	CmdRob	PRC	69006424	October 28, 2024 – October 27, 2034
14	LAIFUAL 来福	7	Our Company	Hong Kong	307040600	September 24, 2025 – September 23, 2035
15	Laifual Drive	7	Our Company	Hong Kong	307040619	September 24, 2025 – September 23, 2035

Patents

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Owner	Description	Patent No.	Types of Patents	Application Date
1	Our Company	A fixture for processing the flexspline of a harmonic reducer (一種諧波減速機柔輪加工用夾具)	CN202310971755.5	Innovation	August 3, 2023
2	Our Company	A performance testing device for flexible bearings used in industrial robots (一種工業機器人用柔性軸承性能測試裝置)	CN202311157300.6	Innovation	September 8, 2023
3	Our Company	A load performance testing device for harmonic reducer (一種諧波減速器負載性能檢測裝置)	CN202311052195.X	Innovation	August 21, 2023
4	Our Company	A vibration-damping harmonic reducer and its manufacturing method (一種可減振的諧波減速器及其製造方法)	CN202010069568.4	Innovation	January 10, 2020
5	Our Company and CmdRob	A flexible bearing retainer with a locking structure and the flexible bearing (一種帶鎖口結構的柔性軸承保持器及柔性軸承)	CN202223561417.4	Utility Model	December 30, 2022
6	Our Company and Taiyuan University of Technology (太原理工大學)	A heat treatment process to improve the strength of 40CrNiMo steel for flexible gear (一種提高柔性齒輪40CrNiMo鋼強度的熱處理工藝)	CN202011298665.7	Innovation	November 19, 2020
7	Our Company	A bearing rigidity measuring instrument and its measurement method (軸承剛性測量儀及其測量方法)	CN202110145714.1	Innovation	February 2, 2021

No.	Owner	Description	Patent No.	Types of Patents	Application Date
8	Our Company	A high-speed kinetic particle composite shot peening surface strengthening process (一種高速動能微粒子複合噴丸表面強化工藝)	CN202011517295.1	Innovation	December 21, 2020
9	Our Company	A manufacturing method for harmonic reducers with four-point contact flexible bearings (四點接觸柔性軸承諧波減速器的製造方法)	CN202110367721.6	Innovation	April 6, 2021
10	Our Company	Harmonic reducer with a spherical flexible bearing (帶球面柔性軸承的諧波減速器的裝配方法)	CN202110367723.5	Innovation	April 6, 2021
11	Our Company	A composite harmonic reducer (一種複合諧波減速器)	CN201910039035.9	Innovation	January 16, 2019
12	Our Company	A high-torque, high-rigidity, and long-service-life harmonic reducer and its processing method (一款高扭矩高剛性長壽命諧波減速器及其安裝方法)	CN201910812154.3	Innovation	August 30, 2019
13	Our Company	Harmonic reducer for robots (機器人用諧波減速器)	CN201610768273.X	Innovation	August 30, 2016
14	Our Company	A heat treatment process for thin-walled flexible gears of harmonic reducers (一種針對諧波減速器薄壁柔性齒輪的熱處理工藝)	CN201910115467.3	Innovation	February 14, 2019
15	CmdRob	A servo reduction module with overload protection function and overload protection method (一種具有過載保護功能的伺服減速模組及過載保護方法)	CN202410103291.0	Innovation	July 28, 2023

No.	Owner	Description	Patent No.	Types of Patents	Application Date
16	CmdRob	A servo reduction module with overload protection function and overload protection method (一種具有過載保護功能的伺服減速模組及過載保護方法)	CN202310937144.9	Innovation	July 28, 2023
17	CmdRob	Integrated joint module (一體化關節模組)	CN201920724688.6	Utility Model	May 20, 2019
18	Our Company	Angular harmonic reducer with high reduction ratio (大減速比角向諧波減速裝置)	CN201410037100.1	Innovation	January 26, 2014
19	Our Company	A heat treatment process combining over-strength steel forging and normalizing-annealing (一種超過強度鋼鍛造成型工藝和正退火結合的熱處理工藝)	CN201910113533.3	Innovation	February 14, 2019
20	Our Company	A harmonic reducer with a composite ball bearing and associated lower housing manufacturing method (一種帶複合球軸承的諧波減速器及下殼體製造方法)	CN202110145695.2	Innovation	February 2, 2021
21	Our Company	A flexible gear for harmonic reducer and its manufacturing method (一種諧波減速器用柔性齒輪及其製造方法)	CN202110145704.8	Innovation	February 2, 2021

Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain Name	Name of Registered Proprietor	Validity Period
1	laifual.com	Our Company	September 14, 2015 – September 14, 2028
2	cmdrob.tech	CmdRob	July 12, 2024 – July 13, 2034
3	cmdrob.com	CmdRob	October 31, 2022 – October 31, 2028
4	cmdrob.cn	CmdRob	March 28, 2023 – March 28, 2029

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Contracts

Each of our Directors has entered into a service contract or appointment letter with our Company. Each service contract or appointment letter is for an initial term of three years. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors

See "Directors and Senior Management" and Note 8 to the Accountants' Report in Appendix I to this prospectus for the remuneration or benefits in kind paid to our Directors for the three years ended December 31, 2025.

No remuneration was paid by the Company to the Directors or the five highest paid individuals as inducement to join or upon joining the Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors and Chief Executive of Our Company

Save as disclosed below, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming that the Over-allotment Option is not exercised), none of our Directors has any interest and/or short position 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 be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were 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, once the H Shares are listed on the Stock Exchange.

			As of the Latest Practicable Date			Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
Name of Director	Our Company/ associated corporation	Nature of interest	Number of Shares	Class of Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Class of Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Zhang . . .	Our Company	Beneficial owner	3,712,072	Unlisted Shares	4.13%	3,712,072	H Shares	3.59%
	Laifu Investment(1)	Interest in controlled corporation	21,098,226	Unlisted Shares	23.45%	21,098,226	H Shares	20.40%
	Jieyang Information(2)	Interest in controlled corporation	4,578,577	Unlisted Shares	5.09%	4,578,577	H Shares	4.43%

(1) Laifu Investment directly held 21,098,226 Shares in our Company, whose general partner is controlled by Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 21,098,226 Shares held by Laifu Investment for purpose of Part XV of the SFO.

(2) Jieyang Information, our employee share ownership platform, directly held 4,578,577 Shares in our Company, whose general partner is Mr. Zhang. Therefore, Mr. Zhang is deemed to be interested in the 4,578,577 Shares held by Jieyang Information for purpose of Part XV of the SFO.

Up to the Latest Practicable Date, none of the Directors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to subscribe for shares or debentures of our Company or any of its associated corporations.

B. Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

C. Disclaimers

(1) none of our Directors has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus 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;

(2) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(3) save as disclosed in the sections headed "Substantial Shareholders" and "—4. Disclosure of Interests—A. Disclosure of Interests of Directors and Chief Executive of Our Company", so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any outstanding material litigation or arbitration which may have material and adverse effect on the Global Offering and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

C. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. The Sole Sponsor satisfies the independence criteria applicable to a sponsor as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a total fee of US$500,000 to act as the sponsor in connection with the Listing.

D. Preliminary Expenses

We have not incurred any material preliminary expenses.

E. Promoters

See section headed "History and Corporate Structure—Our Company—Our Company's Early Development" for details of our promoters.

F. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualification
CMB International Capital Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Haiwen & Partners	PRC Legal Advisor
China Insights Industry Consultancy Limited	Independent industry consultant
Commerce & Finance Law Offices LLP	International sanctions law legal advisor

G. Consents of Experts

Each of the experts named in "—5. Other Information—F. Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe.

H. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer is effected on the H Share register of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. Intending holders of the H Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the H Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the H Shares or exercise of any rights attaching to them.

I. No Material and Adverse Change

Our Directors confirm that there has been no material and adverse change in the financial or trading position of our Group since December 31, 2025.

J. Binding Effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

K. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this prospectus as mentioned in Note 26 to the Accountants' Report in Appendix I to this prospectus.

L. Miscellaneous

(1) Within the two years immediately preceding the date of this prospectus:

  (i) save as disclosed in the section headed "History and Corporate Structure", no share or loan capital of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;

  (iii) save as disclosed in the section headed "Underwriting", no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share of our Group; and

  (iv) save as disclosed in the section headed "Underwriting", no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debenture of our Company.

(2) There are no founder, management or deferred shares or any debenture in our Group.

(3) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(4) Our Company has no outstanding convertible debt securities or debentures.

(5) There is no arrangement under which future dividends are waived or agreed to be waived.

(6) Save as disclosed in the section headed "History and Corporate Structure", none of our equity and debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(7) All necessary arrangements have been made to enable the H shares to be admitted into CCASS for clearing and settlement.

(8) No company within our Group is presently listed on any stock exchange or traded on any trading system.

M. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(1) copies of the material contracts referred to in "2. Further Information about Our Business—A. Summary of Our Material Contracts" in Appendix VI to this prospectus; and

(2) the written consents referred to in "5. Other information—G. Consents of Experts" in Appendix VI to this prospectus.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at **www.laifual.com** and on the website of the Stock Exchange at **www.hkexnews.hk** up to and including the date which is 14 days from the date of this prospectus:

(1) the Articles of Association;

(2) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this prospectus;

(3) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;

(4) the report from KPMG relating to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(5) the material contracts referred to in "2. Further Information about Our Business—A. Summary of Our Material Contracts" in Appendix VI to this prospectus;

(6) the written consents referred to in "5. Other information—G. Consents of Experts" in Appendix VI to this prospectus;

(7) the contracts referred to in "3. Further Information about Our Directors—A. Particulars of Directors' Contracts" in Appendix VI to this prospectus;

(8) the legal opinions issued by Haiwen & Partners, our PRC Legal Advisor, in respect of certain general corporate matters and our Group's business operations in the PRC;

(9) the PRC Company Law and the Overseas Listing Trial Measures together with their unofficial English translations;

(10) the industry report issued by China Insights Industry Consultancy Limited; and

(11) the international sanctions legal memorandum issued by Commerce & Finance Law Offices LLP, our international sanctions law legal advisor.

Laifual Drive

浙江來福諧波傳動股份有限公司

Zhejiang Laifual Drive Co., Ltd.